Daily Report

Latin America

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FBIS-LAT-92-011 *16 January 1992*

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Antidrug Meeting Calls for Global Effort

PY1501173292 La Paz Radio Fides Network in Spanish 1100 GMT 15 Jan 92

[Excerpts] The Second Andean-American Interparliamentary Meeting in Santa Cruz yesterday appealed to the global community to assume its responsibility and obligations in all the stages of the fight against drug trafficking.

We acknowledge that alternative development and compliance with the law are concurrent factors in antinarcotics efforts, and they are not viable if they are not used together. This is a passage of the declaration that was signed at the conclusion of this international meeting.

The declaration adds that alternative development must provide a legal basis for coca producers so they can support their families and themselves, and it cites new industries as a nonagricultural economic alternative. [passage omitted]

The document demands greater regional cooperation and asks the Cartagena-2 summit to promote regional Andean efforts.

It also stresses that drug trafficking is not possible without corruption and that this is a problem all our nations are facing and we must attack it aggressively.

As politicians, we are concerned about drug traffickers exercising their influence on political, judicial, and police authorities with their economic power, the declaration states, and it asks that everyone work together in order to eradicate corruption. [passage omitted]

More on Antidrug Meeting

PY1501180092 Madrid EFE in Spanish 2353 GMT 14 Jan 92

[Excerpts] Santa Cruz (Bolivia), 14 Jan (EFE)—The need to strengthen alternative development in coca-producing countries is the main conclusion of the "Second Andean-American Interparliamentary Meeting on Drugs," which closed on 14 January in Santa Cruz.

In a joint statement released after two days of work, the participating parliamentary delegations urged "drug-consuming countries in Europe and Asia to give greater assistance" to the antidrug struggle.

Parliamentary delegations from the United States, Bolivia, Peru, Ecuador, Chile, Mexico, and Paraguay have been meeting in Santa Cruz, 903 km east of La Paz, since 13 January to evaluate the results of the antidrug campaign on the eve of the "Cartagena-2 summit," which will be held in February 1992. [passage omitted]

Concerning the struggle of police, the statement says "governments are responsible for indicting and jailing drug criminals in their own countries with sentences that suit their crimes, as well as for using international mechanisms to guarantee their punishment."

The parliamentary delegations from Andean countries expressed "their indignation with the ecological damage caused to the soil and rivers of their territories by the flow of chemical precursors used in processing the drug."

All delegations that met in Santa Cruz agreed to strengthen the economic ties between consumer nations and drug-producing nations by strengthening commercial agreements "such as the Andean Commerce Preference Law, the Caribbean Initiative, the Americas Initiative, and the free trade agreement between Canada, the United States, and Mexico." [passage omitted]

Guests Arrive in Mexico for Agreement Signing

PA1601042192 Mexico City XHTV Television Network in Spanish 0200 GMT 16 Jan 92

[Text] The guests invited to the historic signing of the Salvadoran peace agreement continued to arrive in Mexico City on 15 January.

Panamanian President Guillermo Endara arrived at 1100 and Colombian President Cesar Gaviria, Spanish Prime Minister Felipe Gonzalez, Venezuelan President Carlos Andres Perez, and Costa Rican President Rafael Angel Calderon Fournier arrived in the afternoon.

U.S. Secretary of State James Baker's arrival was delayed due to mechanical problems with the presidential plane that brought him to our country.

UN Secretary General Butrus Ghali arrived at approximately 1700.

President Alfredo Cristiani and the rest of the Salvadoran Government delegation arrived on a chartered plane to meet with the representatives of the Farabundo Marti National Liberation Front on 16 January.

Javier Perez de Cuellar canceled his trip for personal reasons. OAS Secretary General Joao Baena Soarez also canceled out, saying he was very busy with the Haitian situation.

[Madrid EFE in Spanish at 0212 GMT on 16 January reports that Guatemalan President Jorge Serrano arrived in Mexico City to attend the signing of the peace agreements between the Salvadoran Government and rebels on 16 January. The report adds that the president, who will remain in Mexico until 17 January, was greeted by Mexican Foreign Affairs Secretary Fernando Solana.]

Central American Economy Ministers Sign Protocol

PA1201132592 Guatemala City PRENSA LIBRE in Spanish 10 Jan 92 p 14

[Text] The economy ministers from the region, who are responsible for the integration of Central America, have signed the first protocol of the agreement on the Central American regulations for tariffs and customs. The event took place at the headquarters of the Central American Bank of Economic Integration (BCIE) in Guatemala City on 9 January.

Guatemalan Economy Minister Juan Luis Miron announced that the new tariff will be effective 1 January 1992.

"We have reached many agreements during these two days of negotiations, especially regarding tariffs. We reached agreements on 99 percent of the matters we discussed," he stated.

"The only point where we did not reach an agreement is on textiles. We did set a date—the end of March 1992—to reach a full agreement," Miron added.

The Guatemalan economy minister stated: "One of the big advantages of our new tariff is that there will no competition between countries because we have united to have a truly equitable trade system in Central America."

The ministers will travel to Belize on 10 January to meet with their colleagues from the Caribbean Common Market (Caricom). The meeting will be the first of its kind in history.

Common Market Countries Cut Customs Fees

PY0301172192 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 3 Jan 92

[Text] The countries that make up the Common Market of the South [Mercosur] have cut their customs duties.

Argentina, Brazil, Paraguay, and Uruguay have cut by 54 percent the current customs duties payable on reciprocal trade. This is the second such cut within the framework of the Mercosur, which is scheduled to be fully implemented by 1995.

The schedule for cutting duties establishes that the next cut, 61 percent of customs duties payable at that time, will take place on 30 June, and a further 68 percent will be cut on 31 December.

Cuba

Supreme People's Tribunal Judge on Summary Trials

FL1501153992 Havana Radio Rebelde Network in Spanish 1255 GMT 15 Jan 92

[Interview with Guillermo Pedro Hernandez Infante, judge of the Supreme People's Tribunal's Crimes Against State Security section, by Carlos Rafael Jimenez on the "Doing Radio" program—live]

[Text] [Jimenez] Can you hear me, Judge?

[Hernandez] Yes.

[Jimenez] This concerns the trial of the three infiltrators who entered our country near Cardenas, Matanzas and that the prosecutor asked for the death penalty. Because of this, a summary trial is being held. First, I would like for you to give me some information, whatever information you can give to our listeners, about what a summary trial is. Second, how is a trial in which the death penalty has been requested conducted? What are the steps taken in our country in a trial in which the death penalty has been requested?

[Hernandez] Yes, very good. In the first place, I would like to clarify that the death penalty is an unusual sentence in our country. That is, when it is requested by the prosecutor and imposed by a tribunal, it is because very serious acts have been committed, extremely serious acts against life, state security, or the most precious goods of our country, our citizens. It is for these cases that the summary trial procedure was established. Our law on penal procedures, Article 478, gives the president of the Supreme People's Tribunal the power to order that the summary trial procedure be used, at the prosecutor's request, in those cases for which, because of their seriousness, this procedure is considered preferable to those which involve delays as far as time is concerned.

The summary procedure affects only the trial's time frames, and not the trial guarantees throughout the procedure. This means that the time frame....[rephrases] For example, after the defendents are notified of the conclusions of the investigation, they have five days to appoint a lawyer. In a summary trial they are given a shorter time to appoint a lawyer; it may be 24, 48, or 72 hours. So the time frames are shortened throughout the process. The time of the trial process is reduced, but the guarantees the individual has of his fundamental rights are not reduced at all; that is, his right to appoint a lawyer to defend him, to be advised of the results, to defend himself opportunely, and the right to appeal.

In this case, since the first level tribunal, the Provincial Tribunal, imposed the death penalty, our law even offers the guarantee of an automatic appeal to this Supreme People's Tribunal, for the case to be re-heard in an appeals trial, even if none of the defendents requests an appeal. In this specific case, two of those sentenced by the Provincial Tribunal submitted an appeal. One did not make an appeal, but all three are going to be tried again in an appeals hearing before the Supreme People's Tribunal.

[Jimenez] Judge, the Provincial Tribunal ruled....[rephrases] That is, when the Provincial Tribunal sentenced them, it ruled in favor of the death penalty.

[Hernandez] It imposed the death penalty.

[Jimenez] The Provincial Tribunal imposed it. The Havana City Provincial Tribunal imposed the death penalty. Can they then appeal to the Supreme Tribunal? Are they the ones who appeal?

[Hernandez] Yes, the appeal is made to the Supreme Tribunal. Two of them appealed. One did not present an appeal. Nevertheless, all three cases will be appealed because our law offers the guarantee on an automatic appeal.

[Jimenez] This means that the nature or classification as a summary trial, or the procedures of a summary trial, do not at all eliminate the possibility of an appeal.

[Hernandez] No, summary means swift. It makes the trial swifter, without reducing any of the trial guarantees which have been completely ensured throughout. If there has been any violation of the trial guarantees during the procedure, we have the power—that is, the Supreme Tribunal has the power—to overturn the sentence automatically and return the case to the tribunal to correct the procedural defect we have pointed out.

[Jimenez] If the Supreme Tribunal confirms the Provincial Tribunal's sentence, what the Provincial Tribunal decided....

[Hernandez, interrupting] The sentence.

[Jimenez] The Provincial Tribunal's death sentence. If the Supreme Tribunal confirms this sentence, what role does the Council of State then play?

[Hernandez] In accordance with the provisions of the law on penal procedures, Article 488, if we confirm the Provincial Tribunal sentence, the case, the sentence, must be submitted to the Council of State, because the Council of State has the power to commute the death sentence to another sentence.

[Jimenez] Yes. Thank you very much....

[Hernandez, interrupting] No, not another sentence, I mean to 30 years in prison, which is the next most serious sentence.

[Jimenez] Thank you very much. It has been a pleasure to speak with you. I thank you very much for your willingness to talk with us.

[Hernandez] No, thank you very much. We are willing to clarify any aspect necessary so that this situation will be clear to our people, because our true situation needs to be known.

[Jimenez] Is it known when the Supreme Tribunal will meet to continue this trial?

[Hernandez] Yes, yes, but in any case we do not want to say. We do not want to announce this.

[Jimenez] Very good. Well, it has been a pleasure to speak with you....

[Hernandez, interrupting] Well, it will be within the next few hours.

[Jimenez] Very good. Within the next few hours, the Supreme Tribunal will continue this trial in which the Havana City Provincial Tribunal requested the death penalty for the three infiltrators who entered near Cardenas, Matanzas, with criminal intentions against the revolution and the nation.

More on Appeal Proceedings

FL1501203192 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Jan 92

[Interview with Prosecutor Angel Arguion by correspondent Gisela Bell Heredia at the Supreme Tribunal in Havana—live or recorded]

[Text] [Bell] The hearing for the appeal presented in the case of defendants Eduardo Diaz Betancourt, Daniel Santovenia Fernandez, and Pedro de la Caridad Alvarez Pedroso, who entered our country illegally on 29 December, is being held since this morning in the courtroom for Crimes Against State Security at the Supreme Tribunal. A request by the prosecutor for the death penalty, which was accepted by the Havana City Provincial Tribunal, is now undergoing what our laws establish: that this sentence must be confirmed by the Supreme Tribunal and the Council of State. As on the previous occasion, the three defendants and the witnesses, experts, and magistrates involved in the case have appeared before the court today. Now I am talking with Angel Arguion, the prosecutor who is handling this case here at the Supreme Court. How are things going right now?

[Arguion] Well, during the morning we have heard the appeal presented by two of the defendants in the case regarding the death penalty, and the automatic appeal for the other defendant, and all the testimonial, documentary, and expert evidence has already been resubmitted and we are now in recess to consider the arguments. In this hearing the evidence has been presented just as it was presented before the first level tribunal; that is, the Provincial Tribunal.

[Bell] However, we have seen that the defendants have confirmed with greater emphasis their repentance and their rejection of the U.S. Government because it used them as elements for these acts.

[Arguion] Yes, of course, the days go by, and this is part of their defense, to try to obtain clemency from revolutionary justice and this fall within the law. The right exists and they are making use of it.

[Bell] Will this hearing end today?

[Arguion] Yes, it will end this afternoon.

[Bell] Thank you very much.

News Agency Reports Little Hope for Miami Men

FL1501133792 Bonaire Trans World Radio in English 1130 GMT 15 Jan 92

[Text] A report out of Cuba indicates that there is little hope for three Cuban-Americans sentenced to die by firing squad. Cuba's official news agency, PRENSA LATINA, says the majority of Cubans approve of the death sentence for the men who were arrested last month while allegedly trying to enter Cuba with arms and bombs. The men were convicted of plotting to overthrow the Castro regime. Anti-Castro groups based in Miami, Florida, have promised retaliation if the men are executed. The United States Government is also urging Cuba to spare the lives of the three. In a statement yesterday, Washington called such action inconsistent with human rights.

Castro Meets With Scientists on Science Day

FL1601034992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Jan 92

[Text] Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers, is holding a meeting with numerous groups of scientists on the occassion of the Cuban Science Day.

In this meeting, which is being held at the Palace of the Revolution, 10 scientific researchers will be awarded the honorary title of Labor Hero of the Republic of Cuba; 13 will receive the Lazaro Pena Order; 23 will receive the Carlos J. Finlay Order; and 11 research centers will receive the labor deed banner.

Commentary Addresses TV Programming Concerns

FL1501192592 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 15 Jan 92

["Focus" commentary]

[Text] Today's "Focus" commentary on this television newscast addresses the reduction of television schedules, which has caused some concern. Some have speculated whether the current two channels should be maintained given the reduction of each station's programs to approximately five hours, Monday through Friday.

In the case of television, this does not constitute a waste of energy. The signal transmission systems are very efficient

and offer wide coverage, with a minimum of fuel consumption. Electricity consumption is not caused by the transmission of television signals, but through consumption by more than 2 million television sets in homes.

The television set is the household appliance with the second highest electricity consumption, after the refrigerator. Thus, according to estimates made by specialists, one hour of television, between 1830 and 2300, uses 950 tons of oil, representing a total annual fuel consumption that fluctuates between 120,000 and 150,000 tons.

Canceling one channel would not produce savings of any kind, since running one or the other would take the same amount of fuel consumption. It was therefore decided that both channels will be maintained, each with its own programming. This will provide greater variety, if we take into account that both channels have very different operating policies for satisfying the public's tastes. It would be very difficult to meet the viewers' demands with only one channel because there would be no way to reconcile some scheduling conflicts, as happens with the simultaneous broadcast of soap operas and sports events, for example.

In this way, viewers can continue to have options during these five hours of broadcasts from Monday through Friday and during the longer schedules on Saturdays and Sundays. This is based on the fact that although various initiatives are being considered, the current difficulties have compelled us to reduce the recreational opportunities offered by other services during weekends.

Maintaining the broadcasts of both television channels provides enough variety and does not effect the basic need for children's, dramatic, educational, musical, sports, and movie programming. It also allows for greater emphasis on newscasts, which are given higher priority in the current circumstances when problems with imports have had a noticeable effect on the publication of the print media.

Another outstanding aspect of the reorganization of television implemented under these circumstances is the prioritization of prime-time hours to satisfy the preferences of the majority of television viewers, especially on workdays when the basic broadcasts of news and Cuban and foreign soap operas are concentrated in a continuous block so viewers do not have to wait for their favorite program. This has been well received because it, to some extent, helps families save electricity.

From the point of view of television porgramming design, this concept of alternative programming does not constitute a waste in this time of austerity, and is an attempt to provide the best possible service.

Pedro Ross on Importance of Working Class Role

FL1501160192 Havana Radio Progreso Network in Spanish 1100 GMT 15 Jan 92

[Text] Pedro Ross Leal, member of the Politburo of the Communist Party of Cuba and secretary general of the Cuban Workers Federation [CTC], has participated in a plenary meeting of the Pinar del Rio CTC Executive Committee. He said the working class, which has always played a very significant role in socialist society, has an even more important role now that the nation requires the collective efforts of its children.

He emphasized the search for solutions to material and subjective problems, the need to continue building civil defense tunnels, and added that not a single man should be left idle while there is something useful to be done. Pedro Ross also said that emulation continues to be the workers' means to achieve their most difficult goals and insisted that they must continue holding production or service assemblies at each work center.

Referring to the sugarcane harvest, he asserted that every required effort must be made, not only at the five Pinar del Rio sugar mills, but also at the mills in the rest of the country. At the Pinar del Rio CTC plenary meeting, Pedro Ross Leal concluded by saying that enemies abroad or at home must not be allowed to carry out their plans, but that first, the working class will stop any attempt at aggression because it is our people's honor and reputation that are at stake in the world today.

Ciego de Avila Province Completes Potato Planting

FL1501191592 Havana Radio Rebelde Network in Spanish 1000 GMT 15 Jan 92

[Text] Farmers from Ciego de Avila Province have completed the potato planting plan for the 1991-92 season. One hundred caballerias were planted. The Heroic Youth Vegetable Crop Enterprise workers distinguished themselves with this accomplishment. The enterprise is located in the south of the province and its workers were able to meet their goal of planting 50 caballerias ahead of schedule.

Finishing the potato planting plan on time will make it possible to take advantage of the current temperatures, which are relatively cool and will favor the growth of the potato and its resistance to disease. This will make it possible for the province to harvest half a million quintals of potatoes with a yield of 5,000 quintals per caballeria.

Malmierca Defends Socialism, Capture of Miami Men

FL1501155992 Havana Radio Progreso Network in Spanish 1200 GMT 15 Jan 92

[Text] On Tuesday in Mexico City, Cuban Foreign Minister Isidoro Malmierca stated that we in Cuba are satisfied with the results of socialism. We are willing to defend socialism just as we would defend the nation or the revolution as a guarantee of continued advancement.

On the capture of the three counterrevolutionaries who had infiltrated the country from Miami and were apprehended in Cuba, he said they had tried to perpetrate criminal actions against the people and should receive the punishment determined by Cuban law. He added

that if they had not been captured, there would have been dozens and dozens of victims. In addition, they tried to damage our industrial installations.

Views Rich-Poor Confrontation

PA1501192192 Havana Radio Havana Cuba in Spanish 1400 GMT 15 Jan 92

[Text] Cuban Foreign Minister Isidoro Malmierca has stated in Mexico that work, integration, and cooperation among peoples and governments are requirements to overcoming the difficulties stemming from the confrontation between poor and rich countries.

At a news conference held at the Mexico City airport, following his arrival to attend the signing of the Salvadoran peace agreements, Malmierca noted that following the end of the East-West confrontation there are more serious problems than those existing between developed countries and the Third World. [sentence as heard]

The high-ranking Cuban official thanked the guerrillas, the Salvadoran Government, and the Mexican authorities for inviting Cuba to witness the signing of the peace agreements, which he described as an honor and an opportunity for Cuba to express its support for the negotiations and the implementation of the agreements.

Asked about the death sentence given to three Cuban-born terrorists who were recently captured on the island, Malmierca said the criminals were tried in accordance with the law and they must be punished. He explained that the plan was not against Cuban leaders, but against the people; it included placing explosives to harm dozens of people.

Further on Visit

FL1601034492 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 16 Jan 92

[Excerpt] [Passage omitted] The presence of 10 heads of state and important figures from Latin America and Spain is expected at the signing of the historic document. The presidents of Colombia; Panama; Spain; and James Baker, Secretary of State of the United States, are already on their way to Mexico. The arrival of UN Secretary General Butrus Ghali is also expected today. Ghali will be a witness to the signing of the documents. The presidents of Venezuela and Guatemala will arrive tomorrow.

Other reports form Mexico City mention the arrival of Cuban Foreign Minister Isidoro Malmierca, who will be representing Cuba at the signing of the Salvadoran peace agreements. During a news conference, Malmierca pointed out that after the end of the East-West confrontation there are more serious problems derived from those that exist in developed and Third World countries. Malmierca said effort, unity, and collaboration among the peoples and governments are necessary to face these difficulties.

Furthermore, the Cuban foreign minister thanked the Salvadoran Government and guerrillas, and the Mexican authorities for the honor of inviting Cuba as a witness to the signing of the agreements, and for giving Cuba an opportunity to express its support of the negotiations and the implementation of the agreements.

Five Trade Agreements Signed With Vietnam

FL1501190292 Havana Radio Rebelde Network in Spanish 1255 GMT 15 Jan 92

[Text] Today in Hanoi, five documents, including the trade agreement for 1992 and the trade agreement for the 1992-1995 four-year period, have been signed at the conclusion of the work of the 12th session of the Intergovernmental Commission for Economic, Scientific, and Technical Cooperation between Cuba and Vietnam.

Barbados

Release on Compliance to IMF Letter of Intent

FL1501233492 Bridgetown CANA in English 2205 GMT 15 Jan 92

[Text] Bridgetown, Barbados, Jan 15, CANA—The Barbados Government has not diverted from a letter of intent to the International Monetary Fund (IMF) on lay offs in the public sector, a Government Information Service (GIS) release quoted an unnamed civil service "spokesman" as saying.

Opposition politicians contend that the government has exceeded the 2,000 lay offs proposed in the letter dated October 25, 1991. To date 2,703 workers—1,791 from the civil service and 912 from public enterprises—have been sent home.

"The October 25 letter of intent stated that 2,000 casual and temporary employees would be laid off from the civil service and to date 1,791 have been laid off and another 67 are scheduled to be laid off, bringing the total to 1,858, which is well within the framework of the letter," the GIS release said.

"These measures are part of government's efforts to reduce, as a matter of urgency, overall central government expenditure and restore viability to the economy."

The release said the civil service spokesman also pointed out that the letter of intent had a rider that "in addition, savings are expected to materialise from the lowering of current and capital transfers (subventions), to public enterprises, which are scheduled to implement measures that reduce their dependence on such transfers.

"In this exercise, 912 officials of these bodies have been laid off, with another 148 targetted for release.

"It is therefore not accurate to say that the number of lay-offs from the government service under the austerity package is 50 per cent higher than was stated in the October 25 letter of intent."

Cayman Islands

BCCI Final Liquidation Order Delivered

FL1601000692 Bridgetown CANA in English 2244 GMT 15 Jan 92

[By Rick Catlin]

[Text] Georgetown, Grand Cayman, Jan, 15, CANA—The financially troubled Bank of Credit and Commerce International (BCCI) Overseas was given its final liquidation order Wednesday by the Cayman Islands Grand Court. The final order came after BCCI liquidators here had fought for the past five months to fend off the order in hopes of realising more assets of the beleagured institution. Liquidators for BCCI did not contest the court decision.

The court also ordered the BCCI banking entity Credit and Finance Corporation (CFC) liquidated, but postponed a final decision on International Credit and Investment Corporation (ICIC) until April 29.

Grand Court Justice George Harre, ordered the liquidations after hearing more than five hours of presentations from attorneys representing the Cayman Islands Government, the provisional liquidators for BCCI, CFC and ICIC, and the Abu Dhabi [United Arab Emirates] Government, the majority shareholders of the bank.

Harre noted the two banks "had no liquidity" and it was "not practical or possible" to allow them to continue as banks in the Cayman Islands. He also observed than since July 5, 1991, when BCCI around the world were shutdown following a Bank of England report that alleged massive fraud on a global scale, "no one has come forward to refute those allegations."

By deferring a decision on ICIC, however, the provisional liquidators for the three banks hope to be able to reach an agreement with the majority shareholders of ICIC and add substanstially to the realisable assets that will be distributed to the creditors and depositors of all the banks. The majority shareholders of ICIC are also the Abu Dhabi Government and ruler Sheik Zayid Bin-Sultan.

Attorney Nigel Clifford said that "because of the delicate and confidential nature of the negotiations," he was unable to give more details. He said the liquidators "hoped to get an agreement by the end of the month."

"If so, we will be back in court. If not, the liquidation process will continue to run down," said Clifford.

Court documents presented by liquidators Ian Wight and Robert Axford of the accounting firm of Deloitte, Ross, and Tohmatus said that at this point, BCCI Overseas had liabilities of about U.S. 4.2 billion dollars against realisable assets of U.S. 471 million dollars. That would be a payout to creditors and depositors of slightly more than 10 U.S. cents per dollar.

The documents also said there were U.S. 600 million dollars in BCCI Overseas deposits that were never recorded on the books and the money could not be traced or accounted for. The liquidators also noted that the loan portfolio of BCCI Overseas was U.S. 3.224 billion dollars against just U.S. 165 million dollars that could be located and collected.

The liquidators reported CFC had liabilities of U.S. 135 million dollars against realisable assets of U.S. 3 million dollars. A press release from the BCCI liquidators in December, 1991 said that a successful agreement with the majority shareholders along with a hoped for U.S. 500 million dollars from the U.S. courts dealing with BCCI in that country could bring the return to BCCi depositors and creditors to between 30 and 40 U.S. cents per dollar.

Although the liquidation of the two banks will now proceed as ordered, liquidators have said it could be at least two years and possibly longer before depositors and creditors get anything back.

The grand court action followed similar court decisions against BCCI S.A. in Luxembourg on January 3 and in London on Monday. In the Caribbean, BCCI Overseas had branches in Jamaica, Trinidad and Tobago, and Barbados. Separate liquidations of those branches are already underway in Jamaica and Trinidad while in Barbados, depositors in that country have filed suit against BCCI Overseas in the Cayman Islands for the return of deposits and loans made.

Dominican Republic

Balaguer Announces Enforcement of Agrarian Reform

FL1401175392 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 14 Jan 92

[Station commentary]

[Text] The constitutional government has advised clearly and precisely that it will continue to obtain land for agrarian reform. It is clear from Dr. Joaquin Balaguer's statements that there will be no more privileged concessions, and the law codes will be strictly applied in accordance with national interest. It is certain that the application of the agrarian code passed by Dr. Joaquin Balaguer 18 year ago has been limited by favors and privileges established by Dominican Revolutionary Party [PRD] administrations. Millions of tareas of the best land, irrigated by state-owned canals, have not yet been turned over to the Dominican Agrarian Institute as ordered by legislation that outlines a clear and defined social and ethical code.

Now, with the definite attitude taken by the head of state, thousands of poor families in rural areas will finally have access to better land. Of course, given the campaign waged by some media to oblige sectors

opposed to the agrarian reform, the words of Gustavo Tavares are even more plausible and sensible. This official stated yesterday that there will be no haste in the application of the quota-parts [las cuota parte], but rather strict compliance with the provisions of the laws the reform is based on.

This brings new hope to impoverished families in rural areas who have waited for years for a new era that would bring valid options for a better life. President Balaguer's directives and the application by the Agrarian Institute of the laws' provisions justly come under the heading of a sensible application of the agrarian reform and quota-part law.

Jamaica

Central Bank Governor on State of Economy

FL1501233292 Bridgetown CANA in English 2108 GMT 15 Jan 92

[By Paget de Freitas]

[Text] Kingston, Jamaica, Jan 15, CANA—Jamaica's Central Bank Governor G. Arthur Brown, insisted Tuesday that there was no crisis in the island's economy and pointed to a number of positive indicators, including a 2 per cent real growth in output last year, to support his case.

The psychology of crisis, was, in fact, one afflicting Jamaicans and not held by foreigners who analysed the performance of the country's economy, Brown told a function of the American Chamber of Commerce of Jamaica (Amcham). Among the evidence of foreign confidence in Jamaica, Brown said, was the rise in the rate for Jamaican debt on the secondary market, from between 19 cents and 35 cents on the dollar in 1988, depending on the maturity date, to between 63 cents and 78 cents at present. And Brown urged Jamaican entrepreneurs to take advantage of opportunities offered by the restructured economy rather than pay lip service to the reforms.

The Central Bank governor was speaking against the backdrop of Jamaica's policy of economic liberalisation and deregulation, under which the market has been opened, subsidies removed, and exchange control abolished. But the process has been painful. The Jamaican dollar has plummeted, inflation was heading towards 70 per cent in 1991 [figure as received], and interest rates have now pushed past the 50 per cent mark as a result of stringent monetary policies to defend the dollar and to keep the lid on the balance of payments.

Despite these negatives, the Central Bank governor argued, most indicators were moving in a positive direction. Of particular importance to exporters, liberalisation and a market-determined exchange rate had given the country a competitive edge. The Jamaican dollar now trades at around 22 for 1 U.S. dollar compared to an exchange of 8.5 to 1 U.S. dollar before the market was fully deregulated Last september.

"All our calculations show that the Jamaican exchange rate is now under-valued vis-a-vis is trading partners and therefore, highly competitve," Brown declared.

Beyond that, the government has dragged the public sector deficit down from 13.5 per cent of GDP in 1988/89 to a projected 0.5 per cent of GDP for the coming fiscal year, the net international reserves, at minus U.S. 808.7 million dollars in 1983 had improved to minus U.S. 382 million dollars last year.

Output in key sectors such as bauxite, tourism, and export agriculture had improved and their prospects looked good, said Brown. At the same time the economy has grown over the past three years, by 4.6 per cent, 3.8 per cent, and an estimated 2 per cent respectively, even as government's contribution to the Gross Domestic Product has declined.

Said brown: "It is very difficult to understand the psychology we have got which characterises these performances as an economic crisis." While many Jamaicans were suggesting such a crisis existed, their activity in the stock market suggested otherwise. Brown pointed out that the stock market index which opened at 1400 in 1989 had jumped to over 8000 at the end of last December.

"This must be a very strange type of crisis we are going through," he said. ".... Let's take off the blinkers and apply some intelligence in appraising what is around us."

Brown conceded that high interest rate and rising prices hurt Jamaicans, but said too that it had to be analysed within the proper context before suggesting that the interest rate regime was a disincentive to production. Prices of goods, Brown said, have tended to rise with inflation and therefore higher interest costs should be thus absorbed.

"All the arguments being advanced at present seem to assume that output prices are not being increased, which is certainly not the case," he declared. Further, he noted, earners of foreign exchange, under the liberalised system, could borrow cheaper foreign money.

Said Brown: "It is important for the business sector not just to say that it supports liberalisation and deregulation, but to give some indication as soon as possible of what plans it has, what projects are on the drawing board to expand production of existing enterprises, or to establish new productive entities that will increase our exports and foreign exchange."

Haiti

Rene Theodore Comments at News Conference

FL1501121792 Port-au-Prince Radio Nationale in Creole 1500 GMT 14 Jan 92

[News conference held by Rene Theodore, leader of the National Reconstruction Movement, MNR, and leader

of the Unified Party of Haitian Communists, PUCH, with unidentified reporters in Port-au-Prince—live]

[Text] [Theodore] [Passage indistinct] The rest obviously depends on the deputies and senators, not on me.

[Reporter] [Words indistinct] the Army through [words indistinct]?

[Theodore] The Army in Haiti concurrently plays the role of police and army. The Army is in the same state as society, (?that is to say) it is as dilapidated as society and is living under conditions as difficult as those of the rest of society. We think that in light of all the restitutions that must be made in society, there must also be restoration in the Haitian Armed Forces so it can fulfill its role with more professionalism and make a new commitment, along with the Haitian people, so we can stride toward democracy. The Army assumed that commitment as a result of the elections that were held—the most recent elections that were held. But the contract has been canceled. We think the Army will make that commitment again with the Haitian people if we really establish a government based on consensus that can develop relations with institutions in a normal way, in a proper way.

[Reporter] [Words indistinct] I would like to ask you about your policy on rural development; on tourism; and your objectives concerning the separation of Army and police, which is something the Constitution provides for.

[Theodore] I think those questions pertain to my general policy. Obviously, you will hear the answer when I appear before the Chamber of Deputies and the Senate of the Republic for ratification, because it is part of a number of very important questions that require special treatment all the more so because when we are talking about a government of coalition and consensus there must be a minimum program—a program that associates various political parties and various sectors in society that will accept support of such a government and it is those sectors and I who will answer such questions.

[Reporter] Mr. Theodore, what are your feelings relative to the people's organizations?

[Theodore] I am always the person I am, that is Rene Theodore, who is practicing politics in Haiti. You have asked a very personal question related to people's organizations that cropped up owing to the 7 February 1986 events, which have their histories and their developments. As far as I am concerned, I am in favor of the freedom of organization.

[Reporter] Mr. Theodore, how do you see [words indistinct]? [Words indistinct] guarantees from the Organization of American States when you were proposed as possible prime minister. If yes, what kind of guarantees are concerned?

[Theodore] What kind of guarantees? The guarantees are: first, that the embargo the country is living through will be lifted and that the government I will set up will not be a government that will rule while an embargo is weighing heavily on it; second, that the international community, which has intervened in favor of democracy in view of the Haitian problem, understands very well that democracy goes along with economic and social development and is willing to provide aid to show solidarity with Haiti so we can succeed in finding ways for Haiti to develop. In my opinion, those are essential guarantees allowing me to participate or accept heading such a government without reducing that acceptance to a dangerous adventure.

[Reporter] [Words indistinct] guarantees from other sectors in the national life such as, for instance, the Army and the parliament?

[Theodore] The parliament and the Army are national institutions and the latter is party to the negotiations. The FADH said through General Cedras that it would support all decisions made by the parliament. In that respect, we think the word of an officer is a word of honor. We will wait and see how the situation progresses. I am convinced that all these institutions will come together so the best possible solution can be found.

[Reporter] Were there personal contacts between you and the commander in chief of the Army or the head of the FADH?

[Theodore] You have asked about personal contacts with General Cedras. Contacts were made to sincerely discuss the conjuncture, the evolution of the situation, and the negotiated solution that is in progress. Obviously.

[Reporter] Mr. Theodore, how do you see your designation as prime minister by Mr. Aristide? You used to criticize him harshly, especially when he returned from the United Nations.

[Theodore] I do not know what you call harsh criticism. Obviously, Rene Theodore has always been critical of the government that was in power with Jean-Bertrand Aristide as president of Haiti. But the criticism was aimed at correction. It was criticism aimed at avoiding catastrophes. It was not destructive criticism. It was not criticism based on hatred. When we criticize, we fulfill our duty and we hope that no matter what government is in power in Haiti all constructive criticism will continue to be made. They will continue to be made and that must not have any kind of influence on people's personal relations so that criticism does not mean hatred. As far as I am concerned, there is no political enemy or political adversary. In my opinion, direct criticism indicates that there is another approach to reality and one must take that other approach into account because it means there are other sensitivities, that there are other interests that must be combined so the country can function.

[Reporter] Mr. Theodore, yesterday at the parliament, Joseph Nerette was very clear. He said that his government was going to hold elections. Now, Aristide chose you as the prime minister. What do you foresee as a solution to this situation?

[Theodore] I do not hold the solution in my hands; rather, it is in the hands of the Haitian parliament. It is in the hands of the senators and the deputies of the country. The Nerette government was also created from a parliamentary decision in an exceptional situation, in a crisis situation. We think that the solution will also be found in a situation that remains exceptional in Haiti today. It is, therefore, a search for political solutions which have been sought in the country since the crisis erupted more than 100 days ago. It is in that sense that we must show our ingenuity, our ability to go beyond our limits and find the solution for Haiti to the crucial and terrible crisis.

[Reporter] Can you plan [words indistinct] meaning to submit your file to the parliamentary commission [words indistinct] meaning when could you [words indistinct]?

[Theodore] We are not the adjudicators. This is a private citizen who is in front of you right now. Nor am I a negotiator. I am a citizen who is available for a post during difficult times. The decision makers are the Haitian parliament, the government in charge, Father Jean-Bertrand Aristide, president of Haiti who is also one of the elements in the negotiations. It is all of them, together, who will implement the solution.

[Reporter] Will General Cedras still be the Army commander in chief?

[Theodore] The answer to that question is simple. The confirmation of General Cedras as Army commander in chief is a senatorial act, a parliamentary act. In accordance with the Constitution, the prime minister has no right to cancel a parliamentary act. Neither may the president of the Republic cancel a parliamentary act. General Cedras has been confirmed as Army commander in chief for three years. On the other hand, it is necessary to consider that the Haitian parliament, in conformity with the Constitution, is an elected and legitimate parliament that the president of the Republic and, even to a lesser extent, the prime minister can dismiss. Therefore, a parliamentary act is also acknowledged by the international community due to the fact that the OAS has chosen as the sole representative in Haiti until this date, the Haitian parliament.

[Reporter] In case the Haitian parliament does not ratify you as prime minister, would you accept being part of another government?

[Theodore] If the Haitian parliament does not ratify Rene Theodore as prime minister, the situation will remain as it is today. They will then search for another solution. Then, we will analyze another solution, what the difficulties are, how practical it is, and we will see if we can be part of it.

[Reporter] Mr. Theodore, I would like to know, in addition to the letter that Aristide wrote you, what other contact have you had with him since then? If the negotiated solution is adopted, how do you see the coexistence between Rene Theodore as prime minister and Jean-Bertrand Aristide as head of state?

[Theodore] In addition to a letter that I received from Jean-Bertrand Aristide, I had one telephone conversation with him this morning. Only this morning. Therefore, there was no communication before this one today. If you are talking about coexistence, it is necessary to consider that Rene Theodore, prime minister, will be head of government. It is a consensual government meaning a government based on a program concentrating on everyone who is a part of it. That program will guide and conduct the government's activities. The relationship with the president will be made on a constitutional basis. Nothing can prevent someone from accomplishing the constitutional norms. It is not a question of personal relation that will govern the relations among people in charge of state matters.

[Reporter] [Question indistinct]

[Theodore] I called him myself. I did not have his phone number. I obtained it last night and I called him today to explain to him that I received the letter that he sent me. I answered the letter. In that letter I gave him my position. I wanted to have his reactions regarding my position as mentioned in the letter.

[Reporter] [Question indistinct]

[Theodore] Well, the problems to be tackled are: once the prime minister is ratified, the embargo should be lifted; there should be an agreement protocol that outlines the responsibility of the international community for emergency aid to Haiti because I think otherwise it will be a lark and the government would likely be doomed to failure.

I asked Father Jean-Bertrand Aristide those two questions. He understood well that an agreement protocol is effectively necessary. He understood well that it was necessary to give me the guarantee that the embargo will be lifted.

[Reporter] [Words indistinct] all political sectors [words indistinct]?

[Theodore] First, it must be noted that a consensus government in Haiti means.... [changes thought] must take into account at least the parties represented within the parliament. At the least.

It is not a dividing of the cake. It is not a distribution of posts for personal enjoyment. It is a responsibility that we are taking together at a difficult moment when what is most needed in Haiti is a task of public salvation, of national rescue. That means that we have a minimum program and that we will convene various political sectors that have a parliamentary representation on the basis of a minimum program whose formulation they will contribute to. We will count on the expertise that is available in the country. When competency is being talked about, it is not a matter of ideology. Neither is it

a matter of ideology when honesty is being addressed. We will choose the best and the most honest persons.

[Reporter] [Words indistinct] For instance, if you choose someone as minister and the president says he does not agree with your choice, how will you cope with such a situation?

[Theodore] We will discuss it. We will always be able to discuss. There will always be contradictory arguments that will allow a better solution to be found every time.

[Reporter] Mr. Theodore, [words indistinct]

[Theodore] That is a conflict situation. But a solution is needed. It is the parliament that will decide, because it is the parliament that is at the origin of this provisional government in the present context. It can decide on what can be done to find a final solution to the crisis. That is the parliament's responsibility.

[Reporter] Mr. Theodore, given that since 1986 you have always been talking about [words indistinct] with the American (?Government). Given that today, we have noted that the American Embassy [words indistinct] you as prime minister. Does that mean that you maintain the same position as they?

[Theodore] I do not quite understand your question. People near you? But the fact is that you have not clearly expressed your question.

[Reporter] You have always talked about many leaders who are [word indistinct] the Americans. Given that today the deposed president has proposed you as prime minister and that you are supported by the authorities of the American Embassy, does that mean that you maintain the same position they do?

[Theodore] No, that does not mean I have the same position, but, in a sense the world has changed, a number of evolutions have occurred in the world, and consequently there is a situation today in which perceptions have also changed relative to the politicians. An evolution in relation to what is going on in the world has also occurred among the people who have taken political responsibilities in the sphere of influence where I was. I do not abide with an archaic spirit, an anachronistic spirit. I am in tune with time. If there were no relations between me and the American Embassy from the beginning, it was not I who did not want relations. As a politician, I was available for relations with all of Haiti's partners. But relations have been established starting with the invitation that I received from the American Embassy last year. The relations have developed as with all other politicians in Haiti. I believe it is for the best because it is democracy that wins through such relations.

[Reporter] Mr. Theodore, the first time your name was mentioned as prime minister-designate, the government media, Radio and Television Nationale, hurried to report your curriculum vitae and other details, leading to the belief that those who are pulling the strings of this country's politics were at the beginning of an adopted solution. Now, the second time your candidacy has been officially approved by President Aristide, we are seeing quite different maneuvers, indicating that Radio and Television Nationale are obviously hostile toward you. We know that you are being pressured. Are you under the impression that the forces pulling the strings of Haitian politics are using you as a sort of pilot balloon for future failure?

[Theodore] First of all, I must take issue with the word candidate. Rene Theodore has never been a candidate for the post of prime minister.

[Reporter] Did I use the word candidate?

[Theodore] You said, candidacy for the post of prime minister. Rene Theodore has never been a candidate. Secondly, it is a reality that when the curriculum vitae and other information first appeared, it gave the impression that the state media accepted the idea of a negotiated solution with Rene Theodore. Regarding the fact that differing opinions have been expressed in the state media, Prime Minister Honorat said that it was on behalf of democracy and freedom that those citizens spoke out on their own behalf. The media and the government are therefore out of the question; Prime Minister Honorat explains that it is more a question of how the position is perceived by someone.

Anyway, there are several opposing positions regarding the negotiated solution itself. It is the resolution of that conflict that will bring a final solution. It is not that I am unaware of the difficulty of the process. It is not that I am unaware of the work required in mending a torn society; such work is as hard as climbing a greased pole. I am nonetheless confident. It is a confidence that I have acquired from the crisis itself. All of us, despite conflict in reaching a solution, have learned a great deal. What we have mainly learned is that we must [word indistinct], and we must seek a solution because the country is collapsing. It is a country we might lose.

[Reporter] [words indistinct] How do you see President Aristide's return to Haiti—under military escort from the United Nations or the Organization of American States?

[Theodore] The problem of a UN or OAS escort does not arise. It does not arise and nobody brings it up. We see the issue of Father Jean-Bertrand Aristide's return as a process linked to a number of adjustments in the country itself. If society is capable of achieving a calm confidence within all the sectors involved in the crisis, allowing the solution to include Aristide's return, the return will occur. If society remains torn, divided, and with opposed views about the issue, the return will mean drama. We must avoid drama because it would mean many deaths.

[Reporter] [words indistinct] Second, what policy do you [words indistinct] Besides that, I would like to know what allows you to think that a national coalition government [words indistinct] in Haiti?

[Theodore] I must begin with the end of the question. Historically, there have never been concrete results because coalition has always been confused with a sharing of the pie, with a share of...[stammers, changes thought]—let us say—of ministries hiring political supporters. They do not think program. They do not think of an association of competent men of all opinions who together can more easily perform a task. That is why they have always failed. But in our case, it is a serious matter that we are dealing with. [word indistinct] Our common problem is, what must we do with the country? I therefore believe that the coalition is possible.

With what sectors? I have contacted all sectors represented in the legislative chamber, all sectors that have influence in parliament, and all of them are in touch with us so we can determine what concept of government we must establish, and a minimal program on which to base the government action we need to initiate.

[Reporter] Mr. Theodore, what is your approach to the Duvalierist sector, for instance?

[Theodore] What is my approach to the Duvalierist sector? There is often confusion about what the Duvalierist sector is, but when we speak of coalition, we always try to make the people understand that no matter what the political adherence of a Haitian citizen, he has his own social interests. As much as among people who are not Duvalierists, there are among the Duvalierists workers, shopkeepers, and industrialists. As people who are in an influential sector of the population, they have interests linked to that particular sector. In the event that we succeed in setting up a minimal program that respects the interests of the various sectors of society, the interests of the Duvalierists will be respected as well.

When we speak of competency, we recognize that there are competencies within all political sectors of the country. We are not going to hire somebody because he is Duvalierist, Bazinist [partisan of Marc Bazin], Panprist [member of the National Progressive Revolutionary Party of Haiti, PANPRA]. We will hire somebody because he is skilled in doing a job, and because he is has the effectiveness we are looking for in the execution of his job as a state employee. As far as we are concerned, the problem is not considered in terms of political bias, because the public administration does not belong to any political party. It does not belong exclusively to any group of people. We must promote a sense of career in public administration. We must also look for effectiveness so our country can get out of its current situation. If we start out on a discriminatory basis, we will distort the role of public administration, the role of the state.

[Reporter] Mr. Theodore, there is a sector that thinks that if Aristide returns, a civil war is possible. What do you think?

[Theodore] The sector stating that if Aristide returns, a civil war is possible, bases it on the violence expressed during the time of great division, which caused the events we are facing now. That experience leads people to believe that the potential for violence remains in the country which can erupt into civil war. That is why that sector's opinion and fear must be considered. fear. When I say fear, I mean the opposing reaction in case of civil war. That sector will be part of the civil war if it foresees that civil war is possible. We must prevent that from happening. It is therefore important that we can conduct a policy of tranquility, a policy that helps to mend this society. It is the success of that policy that can guarantee normal development.

[Reporter] Mr. Theodore, when you say that we must prevent that from happening, do you think that it can happen?

[Theodore] It is not my personal opinion that is important here. What is important is how various sectors in the country feel; it is how they perceive possible threats to their security and how we must work to protect that security so development can take place without ignoring the interests of any social group, and without bringing risk to people's lives.

[Reporter] Mr. Theodore, if you are confirmed by parliament, you will be the prime minister of all Haitians. At the same time, you are president of the National Reconstruction Movement [MRN] and secretary general of the Unified Party of Haitian Communists [PUCH]

[Theodore] The position I will have is the one I promised the country during the electoral campaign in 1990. I promised the country that if I am in a high-ranking position, a presidential function; a high ranking function in administration, such as prime minister; I will cast aside all ties in order to demonstrate a non-partisan spirit in state administration. That is why I am willing to send my resignation to the Unified Party of Haitian Communists if I am confirmed as prime minister.

[Reporter] We noticed your absence yesterday at the opening ceremony. What were the reasons for that?

[Theodore] It was very simply a question of protocol. I did not receive an invitation.

[Reporter] Why did you postpone the news conference?

[Theodore] I postponed the news conference because when I chose the date for the conference, I was hoping that I would have had time to meet with the president of the Senate and the president of the Chamber of Deputies to clearly comprehend what they thought, particularly after the meeting in Caracas, as a possible evolution in the situation. As I was not able to meet with them, I did not hold the conference.

[Unidentified reporter] Did you meet with them?

[Theodore] I finally met with them on Saturday evening.

[Reporter] Mr. Theodore, what did you discuss? If you become prime minister, knowing that the Soviet Union no

longer exists, what will be your approach on the diplomatic scene in establishing relations with other countries?

[Theodore] Haiti's diplomacy must remain open to the world, while at the same time seeking whatever is required to enhance its development. In that sense, we are going to pay attention to what is developming in the various countries. We will thus try to do what is best for Haiti.

[Reporter] Mr. Theodore, as you [words indistinct] will there be a [words indistinct] the provisional president [words indistinct] or will [words indistinct] resign so that [words indistinct]?

[Theodore] That is something that the current government can arrange. But for the time being, Rene Theodore is an ordinary citizen who is available to lend a hand during a very serious crisis.

[Reporter] Mr. Theodore, is the (?option based on the choice of) prime minister a compromise solution?

[Theodore] Prime minister option—that means to choose a prime minister. There must be a prime minister. Negotiations are underway and they have led to that. My opinion about that is not important. What is important for me is what program can be implemented. What is important for me is how the various sectors of society endorse joining such an undertaking. What is important for me is how the various political parties that represent the interests of those sectors will accept responsibility for the country's policy. Such factors are important to me. It is not Rene Theodore as prime minister or a simple question of the prime minister post.

[Reporter] Mr. Theodore, how do you comprehend the fact that Father Jean-Bertrand Aristide has accepted you as a possible prime minister?

[Theodore] I think I have already answered that question. It is a negotiated solution. They ended up with that. Likewise, they could have concluded with another choice. Personally.... [changes thought] You should ask Father Jean-Bertrand Aristide why and how he managed to choose me between two or several others.

[Reporter] Mr. Theodore, in the event that the Legislative Chamber does not approve you as prime minister [words indistinct]?

[Theodore] I will nevertheless wish that Haiti finds a solution, but a solution (?that takes into account our being involved) in international relations which are quite essential for the progress of our country.

[Reporter] Concerning the freedom of the press, how will you handle that? What kind of planning [words indistinct]? Can you tell me about your short-term projects [words indistinct]?

[Theodore] [Words indistinct] restrictions to the freedom of the press. I am not the decisionmaker. As prime minister, I will give the press all the guarantees it needs to work in this country. Meanwhile, it is to be noted that the professional ethics of journalists must also be followed and respected.

[Reporter] By whom?

[Theodore] Followed by the authorities that are responsible for relations with journalists.

[Reporter] [Question indistinct]

[Theodore] What policy must we adopt toward the Castro regime? The policy that we must have is to consider that a great evolution exists in the world and that this evolution will not occur without affecting the evolution of Cuba itself. That is more apparent at present because it is even more difficult for Cuba to solve its economic problems as it has less and less options for economic relations with the world. In that sense, we hope that the evolution that is going on everywhere in the world will also be taken into account in Cuba and that it will allow Cuba to succeed later on in joining all countries in the world so that we can end up—let us say—in harmonious relations with all countries in the region.

[Reporter] Mr. Theodore, [words indistinct] communist [words indistinct] in the eastern countries. Do you still accept that label or are you a broad-minded communist or a [word indistinct] communist?

[Theodore] If you analyze the situation in Haiti, you will clearly understand that Haitian communists [word indistinct] on Haiti. Their attitude exclusively depends on the development of the situation in Haiti. I am not talking here as a communist. I am talking as a citizen, Rene Theodore, in a particular context, who is trying to find solutions and thinking with the country for the best possible solution. Questions regarding communism, you can ask them of Max Bourjolly or the others at the Unified Party of Haitian Communists.

[Reporter] Your answer is irrelevant to the question.

[Theodore] It is not irrelevant. I am here in a specific context, in a crisis and we are searching for the solution to the crisis in a news conference. We can debate that question in a specific interview.

[Reporter] Mr. Theodore, can we still call you Theodore, a communist?

[Theodore] Listen! As you wish. You can say whatever you want. However, as far as what concerns me here, I am through with that question. I have even told you that I would send my resignation to the Unified Party of Haitian Communists in order to be available, to show that I am willing to cast aside all partisan spirit and offer an example of commitment to a country in a serious crisis. That conforms to my personal commitment to Haiti.

[Reporter] Mr. Theodore, if you are not ratified by parliament, what will you do?

[Theodore] If I am not ratified by parliament, Rene Theodore goes back home and continues being involved in politics, as he is used to being. That would not prevent Rene Theodore from being who he is in relation to Haiti and in relation to the other Haitian political sectors.

[Reporter] I see you are skipping the word communist, Mr. Theodore, are you afraid of the label?

[Theodore] I cannot be afraid of a label. You are providing the label.

[Reporter] Mr. Theodore, can you tell me how you see the future of Haiti in the event that parliament ratifies you as prime minister?

[Theodore] I have already answered that question in the introductory declaration. I will hand it out in a few minutes. Then, you will see.

[Reporter] [Words indistinct] Mr. Theodore, a former communist, a former Marxist, or what?

[Theodore] You may say Rene Theodore, a citizen available at a time when Haiti is in a serious crisis, who is....

[Reporter, interrupting] [Word indistinct]

[Theodore] What? Say what you want. There is no dangerous word. I am not afraid of any word. So, you will choose and say what you prefer. I have no problems. I have no problems. [repeats]

[Reporter] [Words indistinct]

[Theodore] Well, what criterion? We have an extremely backward country, a country that has been—on top of that—seriously hurt in all its economic structures, in all its reserves by an embargo for 100 days. There is a sector of society, the business sector that can be used as the essential mainspring of development in the country if there is enough willingness to invest and enough guarantees for investment. There is a great investment potential from abroad, from foreign funds. So, the development will be essentially capitalist. We wish it to be modern. We wish it to be managed together with an administration that should itself be effective and modern. Thus, the development will not be other than a capitalist development.

There appears to be no more questions. We will distribute the introductory declaration to the journalists one more time. We thank all of you for your participation and your presence at this news conference. Thank you very much.

Party Sets Conditions To Approve Prime Minister

FL1501233092 Port-au-Prince Radio Metropole in French 1700 GMT 15 Jan 92

[Text] A high-ranking official of the party told us that the Movement for the Establishment of Democracy in Haiti [MIDH] requires that an agreement protocol, which addresses six MIDH concerns, should first be established among the OAS, parliament, President Aristide, and the prime minister-designate. The points are:

1. lifting of the embargo

2. a full and general amnesty

3. the retention of Army soldiers and officers in their positions

4. a clear outline of the principle concerning the date and the practical process for Father Aristide's effective return to the country

5. the total absence of foreign troops on the national land for whatever reason, even under a representative arrangement

6. the determination of how a government installed in Haiti can actually work in consort with a president of the Republic who is suspended in space and time.

MIDH also requires that the international community commit itself to giving the country substantial economic aid to contribute to its beginning.

MIDH thinks those concerns should be clearly debated before the choice of a new prime minister can be ratified.

Netherland Antilles

Dutch Minister Meets Officials on Independence

FL1501135592 Bonaire Trans World Radio in English 1130 GMT 15 Jan 92

[Text] In difficult meetings yesterday, the Dutch minister for Antillean Affairs, Ernst Hirsch Ballin, met with delegates from the Netherlands Antilles islands regarding the future of the Dutch Kingdom. Holland stated firmly that any of the Netherlands Antilles that want self-determination must now take full independence along with it. Radio Hoyer says Curacao wants to become like Aruba, separate but still within the Kingdom. So does St. Maarten. Bonaire has stated that they want to keep their ties to Holland no matter what happens with the rest of the islands. Curacao is in the situation of having, as it were, two governments, one which rules the island itself, and also one which handles the state affairs of the five islands together. Willemstad would like to rid itself of the burden of taking care of all five.

Solana on Salvadoran Peace, Diplomatic Relations

PA1501190092 Mexico City Red Nacional 13 Imevision Television in Spanish 1300 GMT 15 Jan 92

[Text] The Mexican Government stated on 15 January that the peace agreement between the Salvadoran Government and guerrillas is an example of extraordinary political will. The government also announced its decision to increase cooperation activities with this Central American nation.

Foreign Secretary Fernando Solana Morales asserted that the Group of Three, formed by Mexico, Colombia, and Venezuela, will also give aid to El Salvador after the peace agreement is signed. He indicated that Mexico will increase its cooperation to El Salvador. Mexico currently carries out 1,400 cooperation activities in Central American, 300 of which concern El Salvador.

On Wednesday, 21 January, Mexico will establish diplomatic relations with the 11 republics forming the Commonwealth of Independent States. Solana Morales announced that Carlos Tello Macias, Mexico's ambassador to the former USSR, will be in charge of relations with the CIS. It was also reported that Mexico will establish diplomatic relations with Georgia, if that nation so requests. It is important to repeat that relations will be established only if that country requests it.

Government Denies Offering Mediation to Guatemala

PA1501041892 Mexico City NOTIMEX in Spanish 2150 GMT 14 Jan 92

[Text] Mexico City, 14 Jan (NOTIMEX)—The Mexican Government on 14 January denied offering mediation assistance in the peace negotiations the Guatemalan authorities and guerrillas have been holding since last year.

The Secretariat of Foreign Relations stated in a communique that the report published by the press "is untrue" and "creates a mistaken image of Mexico's foreign policy."

"To date the Mexican Government has not received a formal request from either the Guatemalan Government or any of its social sectors involved in the talks to help with the peace negotiations," the Secretariat of Foreign Relations pointed out.

At the request of President Jorge Serrano Elías and the Guatemalan National Revolutionary Unity (URNG), both sides initiated negotiations in April to reach an agreement to end the 30-year-long war in that Central American country.

Guatemalan Government sources have given assurances that both sides may continue their discussion of human rights this month in Mexico. This topic is the second part of point one in an 11-point peace agenda.

Opposition Party Mayor Killed in Ambush

PA1401222692 Madrid EFE in Spanish 1630 GMT 14 Jan 92

[Text] Oaxaca (Mexico), 14 Jan (EFE)—Local police reported on 14 January that Fidencio Lopez, opposition National Action Party (PAN) mayor in Rio Hondo, Oaxaca State, was killed in an ambush. His helper, Meliton Matus, was also killed.

Police Chief Heladio Reyes Matus was seriously injured in the attack, which took place in Rancho Mirador on 13 January.

The mayor's body was found inside the vehicle with three bullet wounds. The body of Meliton Matus was found several meters from the vehicle.

El Salvador

Cristiani Says Peace Pact Consolidates Democracy

PA1501235192 San Salvador Radio Cadena Central in Spanish 1230 GMT 15 Jan 92

[Report by Wilfredo Cordoba]

[Excerpt] [passage omitted] The issue that created the most obstacles at the negotiating table was the Armed Forces issue. On 15 January it was confirmed that the Armed Forces will be reduced to 31,000 soldiers and that the Finance Police, the National Guard, and the Civil Defense will be dissolved. Contrary to what the opposition says, this does not represent a serious setback for the military as an institution, Cristiani reiterated.

[Begin Cristiani recording] We have sought to strengthen the country's democratic institutions. We said the agreements must lead to the consolidation of democracy in El Salvador and the negotiations must not favor any particular sector. I think this is something you have heard me say for months, from the beginning of the dialogue process. In this sense, I believe that the Salvadoran Armed Forces, instead of having been harmed, will be consolidated as a peacetime democratic institution. I do not think we should introduce malicious ideas by saying that reducing the Armed Forces means that the Armed Forces have suffered a serious setback. Who can imagine maintaining armed forces trained to face a war if there is no longer a war? Obviously there will have to be a restructuring of the Armed Forces. This is no setback; it is just adapting to new circumstances. [end recording]

With regard to a reduction of the Immediate Reaction Battalion, Cristiani said:

[Begin Cristiani recording] There is already a timetable for such a reduction in line with a process that, as we have said, lasts two years. These battalions will be gradually reduced so as not to create a social problem by the sudden demobilization of a large number of soldiers without the country being able to incorporate them into productive life. These battalions form part of the entire plan and their reduction will be part of a normal process. [end recording]

President Cristiani confirmed that U.S. Secretary of State James Baker will visit El Salvador to corroborate the financial support the United States will grant to El Salvador's reconstruction process. The EEC, Canada, China, and international financial institutions have also offered aid.

Santamaria on Armed Forces Reduction Schedule

PA1501195392 San Salvador Canal Doce Television in Spanish 0300 GMT 15 Jan 92

[Passages in quotation marks are recorded]

[Text] On returning to the country after eight days of talks to determine an implementation schedule for the New York Agreements, Oscar Santamaria, official spokesperson for the government negotiating team, gave details on the schedule according to which the Armed Forces will have to reduce its number.

According to Santamaria, the end of the Farabundo Marti National Liberation Front [FMLN] military structure and the Armed Forces reduction will be unrelated. The Armed Forces will comply within a period of two years; the FMLN will do so in nine months.

[Santamaria] "The scheduled time for the FMLN demobilization is from 1 February and 31 October 1992. Meanwhile, as President Alfredo Cristiani has said, the schedule for the Armed Forces reduction is set at two years: from 1 February 1992 to 1 February 1994."

The Rapid Deployment Battalions, which were created at the beginning of the eighties to fight the guerrillas, will disappear in less than 10 months. In short, the Armed Forces, which grew to over 60,000 troops in 11 years, will have 30,000 men at the end of the conflict.

[Santamaria] "These battalions are included in the military reduction plan, and the schedule for their reduction is from 1 February to about 30 November, more or less. This is a 50.4-percent reduction; about 49.6 percent will remain, of which there will be approximately 30,000 troops who will make up the Armed Forces."

The time period for the installation of the Civil Police was set at two years. During that time, public security will be the responsibility of the current National Police. Santamaria stated that the Treasury Police and the National Guard will become part of the official military structure.

[Santamaria] "This is set forth in what is called the transition process, under the transition system, which will be implemented as the new Civil Police units are created and replace the current security forces on the basis of operating territories and areas. This will continue for about two years until the new National Civil Police completely replaces the current security forces."

Santamaria said that between 16 January and 1 February, the Legislative Assembly will promulgate a special law to provide the legal framework to reintegrate FMLN members into the nation's civilian and political life.

The timetable for the agreements and the signing of the cease-fire on 1 February mark the end of the civil war and the building of a new society. As the agreement process concludes, preparations for the coming of peace are beginning.

FMLN's Villalobos Comments on Talk Results

PA1501145292 San Salvador Radio Cadena YSU in Spanish 0100 GMT 14 Jan 92

[Interview with Joaquin Villalobos, commander of the Farabundo Marti National Liberation Front, FMLN, by Julio Ernesto Rodriguez on 13 January in Mexico City—recorded]

[Text] FMLN Commander Joaquin Villalobos, who arrived in Mexico City from New York in the early hours of 13 January, said the Salvadoran Government is trying to block the scheduling process of the final agreements by attempting to dismantle the elite battalions after 31 October. According to Villalobos, the dismantling of the five counterinsurgency battalions—Atlacatl, Belloso, Atonal, Bracamonte, and Arce—has already been agreed on in the 31 December accords. The guerrilla leader, whose organization will begin to integrate starting 14 January, said the government has blocked all Copaz [National Commission for the Consolidation of Peace] work.

[Begin recording] [Villalobos] Regarding reduction criteria, the agreements mention officers, installations, soldiers, and equipment. The agreement covering special battalions is clear and must be scheduled. The second step in reduction is for the National Guard and Treasury Police to be absorbed into the Army. So the first reduction package is practically invisible. They are purely administrative changes; something the people will not feel or notice, and this is going to generate instability in the country because no one is going to agree. It is a mockery.

[Rodriguez] It is rumored that the government has already budged and could start dismantling three battalions and that the government is transferring the National Guard and Treasury Police to the 1st Infantry Brigade. How true is this and how...?

[Villalobos, interrupting] The transfer of security corps to the Army is part of the agreements. But what makes no sense is that the installations are to be turned over to the Army, because we will then have a situation whereby a garrison will simply have its name changed. Before the war, San Salvador had the Air Force garrison, the San Carlos garrison, and El Zapote garrison. This was the extent of the Army's presence. Now they have the Ramon Belloso Battalion garrison, an extension on the Air Force garrison, and the Army will have two more garrisons if they are given the Treasury Police and the National Guard garrisons. It would be a mockery. The people need to feel that the country is really being cleansed of the Army.

[Rodriguez] Could this stance possibly change..?

[Villalobos, interrupting] Up to now I have not heard this. I cannot comment on it until I see it as an agreement. What I know up to now is that the position has not changed; they deny that the National Guard and Treasury Police installations will be turned over to the Army, and they deny that all special battallions—all of them, not just three—have to be dismantled until the end of the armed confrontation phase.

[Rodriguez] From 1 to 31 October? [as heard]

[Villalobos] Correct.

[Rodriguez] Can there be a guarantee through a UN document that the sides cannot revoke if the time (?expires)? Does this mean the United Nations cannot guarantee or solve this impasse?

[Villalobos] Up to 11 January, when the term expired, it was agreed to extend it to 12 January. We have no objection to the United Nations playing its role. What is happening is that an effort is being made to arrive at a negotiated solution that will always be better. So far this has not been possible, though, and this is what we are waiting for—to see if it is the United Nations that ultimately decides.

[Rodriguez] Copaz' work has been delayed?

[Villalobos] Work with Copaz really should have gotten started when we were in New York during the first round of talks, but the government refused.

[Rodriguez] What is happening now with this impasse?

[Villalobos] Copaz has to meet on 14 January, according to what was agreed on at the last meeting. This meeting has been formally accepted by all and must start on 14 January.

[Rodriguez] Why does Copaz need to speed things up when the negotiations are nearly complete?

[Villalobos] The government is endangering the negotiations just as the cease-fire protocol is about to be signed. But we have already been quite clear that unless there are signs that give the people confidence that the country is being demilitarized, cleansed of Army presence, then we cannot accept these agreements. [end recording]

The Copaz meeting was rescheduled for 14 January because the New York meeting probably will have ended. We are awaiting the arrival in Mexico City of Dr. Armando Calderon Sol who, according to political sources close to the meeting, delayed his trip because of the serious condition of Major Roberto D'Aubuisson, leader of the Nationalist Republican Alliance party.

Colonels Ivan Lopez y Lopez, director of the Intelligence Directorate, and Juan Emilio Velasco, Armed Forces delegate to Copaz, have already arrived. Another point that delayed the scheduling negotiations was that the government said the FMLN can only join in political activity after its 31 October disarmament. The FMLN has delayed the process because it says that its incorporation into politics should take place from the signing of the final agreements on 16 January in Mexico.

In any case, the Copaz meeting should begin as soon as possible because many of the agreements that need to be implemented depend on its official installation.

Guatemala

Serrano Not To Meet With Guerrillas in Mexico

PA1601010892 Panama City ACAN in Spanish 1644 GMT 15 Jan 92

[Text] Guatemala City, 15 Jan (ACAN-EFE)—Guatemalan President Jorge Serrano will not meet with the guerrilla "General Command" in Mexico, Presidency Secretary General Manuel Conde said on 15 January.

Conde, who is president of the government commission negotiating peace with the Guatemalan National Revolutionary Unity (URNG), said that the commitment signed in 1990 in Oslo (Norway) specifically stated that the talks are between the government and the rebel "commanders."

The official added that Serrano will attend a meeting with the URNG only when a total peace accord is signed.

The Guatemalan president, Conde adds, does not have any plans to meet with the guerrilla "General Command" in Mexico, where he will remain three days to attend on 16 January the signing of the peace agreement between the Salvadoran Government and the Farabundo Marti National Liberation Front [FMLN].

Serrano, however, is not yet sure if he will leave on 15 January for Mexico, because the new congressional leadership which took over on 14 January must discuss the request for departure and approve it, if it is considered necessary, a "national urgency," parliamentary sources reported.

Conde said that the president will leave on 15 January for Mexico City to attend the signing of peace in El Salvador, a ceremony that is considered "of great importance" for Latin America.

Guatemalan Government spokesman Gonzalo Asturias said on 14 January that it has not been ruled out that Serrano will meet with the URNG, the "commanders" of which will be present at the Chapultepec Castle, where the accords between the FMLN and the Alfredo Cristiani government will be signed.

President's 14 Jan National Assembly Speech

PA1601023092 Guatemala City Radio-Television Guatemala in Spanish 1710 GMT 14 Jan 92

[Speech by President Jorge Serrano marking his first year in office at the National Assembly in Guatemala City—live]

[Excerpts] [Passage omitted] By the constitutional mandate specified in Article 183, Paragraph I, of the Constitution of the Republic, the president of the Republic is required to present this report to this honorable state body. When I was installed as president exactly one year ago today, I stated that everyone knows that Guatemala is facing a severe crisis that is worsened by the international economic situation. Our overwhelming foreign debt burden and permanent trade balance deficit are bringing about an accelerated and dangerous nationwide deterioration that is jeopardizing the very existence of our democratic system.

The seriousness and complexity of our economic problems are compounded by a loss in trust and credibility in public institutions and their officials because there has been an increase in inefficiency, abuses, and corruption in the management of public assets. Those factors, added to constant human rights violations, are factors restricting our possibilities of recovering and developing.

It is absolutely clear that we received a government that was in a delicate state at a critical moment. We do not expect to be able to say in this first report that we overcame all problems, however, I will say that we are not facing a crisis today. Instead, we have the basic elements allowing us to feel optimistic about our nation's future.

Today, we are committed more than ever to a peace process that should not be understood as an absence of conflict, but as a total peace, a comprehensive peace that commits all Guatemalans, and especially my government, to the establishment of conditions allowing Guatemalans to live free of fear and anguish. As long as we Guatemalans are unable to establish such conditions—even if we managed to end the armed confrontation—we will not be able to achieve peace.

The armed confrontation, this armed struggle, is only a component of peace. We reaffirm before you, members of this body, that peace will not be attained in this country should we fail to establish social and economic equity and strengthen the legal regime. Also, the consolidation of a democratic system that allows power to be alternated and access for all those who manage to muster the support of the majority is a condition for the maintenance of peace. The development of our democratic society with justice and economic and social equity has been the major goal of our administration and would be that of any other administration ruling this country.

We have worked arduously to attain a process of social and economic peace this year. We faced a harsh reality; an unjust scourge hurting the Guatemalan population: An inflation rate that surpassed 60 percent. We faced an inflationary process that cursed our country's poorest classes, systematically deteriorating their standard of living and destroying their buying power.

I can say to you with great satisfaction that we ended 1991 with an inflation rate under 10 percent. That stability has led to real wage increases; and curbed the deterioration in the cost of living, standard of living, and purchasing power of Guatemalans.

The most significant achievement in public administration this past year was the reduction of inflation, that is, eliminating inflationary expectations, which gave us a healthy economy allowing us to look toward the future.

Deputies: I am pleased to tell you that the fiscal deficit for 1991 was practically nonexistent; it is not even 70 million

quetzals. That differs greatly from the 1990 fiscal deficit, which was in excess of 90 million quetzals. That is one of my government's best contributions to the consolidation of the country's economic system. We are proud to present, honorable deputies, the first balanced budget since 1975—before the 1976 earthquake. We managed to balance the budget and to increase fiscal revenues by more than 50 percent. In other words, we had an increase in excess of 1.5 billion quetzals over our budget estimates and we reached record figures in our income tax revenues—double the amount in our 1991 budget.

On the other hand, the government's effort was considerable because we reduced the state's operating expenses to a figure far lower than the budget estimate. That means that an effort to reduce expenditures and increase revenues made it possible to achieve a balanced budget, which is now reflected in the reorganization of our economy. It is also appropriate to mention that the reduction in our budget was achieved even though more than 200 million quetzals was invested in salary increases; a subsidy of 258 million quetzals was given to the National Institute of Electrification; we paid 8 percent constitutional contribution to the municipalities; payments are current for 1991; and we have paid 17 million quetzals of the amount due in 1990.

We managed to pay the past due foreign debt, which was reduced from 700 million quetzals to 300 million quetzals. In other words, we paid 400 million quetzals of our past due foreign debt.

There is a significant event in our country's history: My government has fulfilled its commitment to pay the employer's share to the IGSS [Guatemalan Social Security Institute]; it returned 50 million in bonds belonging to the IGSS that the Executive Branch had in its possession; and it significantly—I do not want to use the word totally—supported the country's municipalities and the San Carlos University to give the salary increase that the government proposed to bring the minimum salary of all the state employees to the same level.

It is appropriate to mention that the quetzal remained stable throughout the year with an average exchange rate of five quetzals for $1—with slight increases and decreases throughout the year. The latter were basically regulated by supply and demand. At the end of 1991, we can report to this honorable organization that we have $534 million in available funds plus the reserves, yet when we received the government it had $18 million. Moreover, we want to mention that the banking system interest rates have dropped—from 28 percent to approximately 22 percent—as a result of the banking policy; and the 180-day [word indistinct] have dropped from 33 percent to 14 percent. These elements helped us achieve the stabilization and recovery of our economy, and we now see lower rates. All that provides hope for the country's economic reactivation.

We must admit that economic reactivation was possible because of assistance from certain external events—for example, the price of oil and the low interest rates in foreign capital markets. All Latin America had the same opportunity, but not all countries achieved the same results. We are pleased to state that Guatemala currently has the lowest inflation rate in Latin America. All this was possible because we achieved fiscal discipline; we were able to instill confidence in the country's productive groups; and we established, from the very first day of our administration, clear rules of economic behavior. Our government has acted clearly and categorically to broaden our market.

Deputies: We know quite well that if we want to achieve economic growth and to see the results of that economic growth invested in social compensation programs, we must broaden our internal market. That can only be achieved by improving our incomes and broadening external markets, which can be achieved with a realistic foreign policy. Consequently, the government has started to negotiate free trade agreements with Central America, Venezuela, and Colombia. The framework agreement for free trade with the United States has already been discussed and approved. We have also started negotiations with the Republic of Mexico and we hope to reach some kind of agreement during the Mexican president's next visit. We are about to sign free trade agreements with the Republics of Honduras and El Salvador.

Our government has adopted a definite international position to join Caricom [Caribbean Common Market], which will include Belize. Guatemala has broken through the commercial isolation we faced and we are politically prepared to join other markets. The country's productive sectors must now carry on and conquer those markets by modernizing Guatemalan enterprise, achieving an industrial and commercial reconversion, and adopting an aggressive policy that allows Guatemalans to advertise our economy to other countries and markets. I want to state beforehand that any Guatemalan who wishes to embark on the conquest of markets or intensively use our internal market will have the government's support, understanding, and endorsement.

It was particularly important for Guatemala to sign the GATT agreement and to support the negotiation to achieve, for the first time in history, a unified tariff among Central American countries.

That aggressive foreign trade policy has permitted a more than 30 percent growth in nontraditional exports in 1991. We think that if those indices are maintained, we can expect rapid economic growth in 1992.

Through many international efforts, both my own and those of members of the cabinet, we have gotten the EEC tariffs on Central American products to match those of products coming from the Andean Pact countries. That makes us view the future with optimism. We know that now there are clear rules and that there will not be any discrimination against Guatemalan or Central American products in the European Common Market.

That fills us with satisfaction because, as president, I have maintained an objective: We want clear and fair treatment in our trade negotiations rather than aid that will turn into alms. We prefer to promote our production and to utilize our creative ability and the work that all Guatemalans are ready to contribute, instead of depending on alms, gifts, and donations that many times are tied to conditions that we are not willing to accept. We think Guatemala has a commitment to the past and the future. It has to undertake autonomous development, which will permit us to overcome our problems with dignity.

Last year was an example for all Guatemalans. With practically nonexistent international support, we were able to meet our commitments and resolve our problems. We were able to stabilize our economy and today, with great independence and joy, we Guatemalans can say that the effort of the Guatemalans is the only hope the Guatemalans have.

The entire world has changed its priorities. The great events in Central Europe have completely changed interests and the prospects for cooperation. We must be aware that we Guatemalans are the only ones responsible for our destiny. We must be aware that it is up to us whether we move forward through patriotic and nationalistic agreements, negotiations, and understandings or whether we continue to suffer from poverty and despair, waiting for solutions to come from abroad. My dear deputies, the solutions will not come from abroad. We have to seek solutions domestically, through our efforts, dedication, patriotism, and work.

In that regard, I am pleased to tell you that the doors of the Inter-American Development Bank and the Central American Bank of Economic Integration have been opened to us. Also, very soon, God willing, the doors of the World Bank will be open to us. We achieved that solely through the efforts of Guatemalans. We have been able to pay a large part of the debts. Last year we were able to make payments to the International Bank for Reconstruction and Development and we hope that in the first few months of this year, we will be able to open its doors. In that way, the social development programs, which we have negotiated or are currently negotiating with those bank, will be able to be implemented in Guatemala. With those programs, we can provide sewage facilities, drinking water, electricity, education, and health to the most remote areas of our country.

Dear Deputies: In the area of people's credit program, I am pleased to tell you that 1991 has been a year of learning. The state and the private sector reached an agreement and in 1991, 200 million quetzals in Guatemalan capital were made available to small businessmen and craftsmen. We hope that in two or three years, the expansion of the people's credit program will be complete and total. Through that significant expansion, we hope to have a big growth in the availability of people's credit for all the small Guatemalan businessmen.

Deputies, Guatemalan people: We promised to undertake an economic adjustment program without a shock policy. In other words, we promised that there would not be mass dismissals, spectacular currency devaluations, or astronomical interest rates. In this first year, we have kept our promise, but that has not been solely the result of the government's efforts. It has been the result of the effort of all Guatemalans. We cannot take credit for the entire success and victory of that policy. We have to share it—and we do so with pleasure—with the Guatemalan people, the productive sectors, the country's private enterprises, and the political sectors that have supported the executive branch. We want to tell you with great satisfaction that we are closing 1991 with a 3.2 percent growth rate. That means that we have not sacrificed, as it might have been thought, economic growth for the country's stability. We achieved the stability we needed in the country without making great economic sacrifices. I want to tell you Messrs. Deputies that in the macroeconomic study that was made, the impact of the increase in electricity rates was not even 1 percent in the total increase of prices. That means that with your cooperation and that of the Guatemalan people, we achieved effective stabilization without a shock policy that would bring despair to the popular classes. We established real and clear wage increases within an atmosphere of social peace. That was a clear objective in our economic policy.

Socially we believe, and we reiterate again to this illustrious body, that the focus of the government's work is man. We will struggle for a state that will continue to work for man, not for a state that will enslave man at its service. A healthy economic policy is perhaps one of the best social policies for a country. A healthy economic policy prevents unnecessary transfers from the needy classes to those who are well off through subsidies on specific services. We believe that justice in the payment of services and that justice in the use of those services are some of the objectives that must be included in any future economic policy.

In 1991 we promoted policies of negotiation and cooperation with the various national sectors. We will continue to promote such policies in 1992. We promoted the Social Pact to try to encourage hard-working entrepreneurs and public sector workers to agree on specific policies, and thereby prevent unfavorable impacts on both the economy and the well-being of Guatemalans. We believe the Social Pact was productive in its first phase and it yielded satisfactory results. Therefore, it prevented us from making many mistakes that we would have made if we had not had a dialogue that helped us moderate and reorganize our actions and gave us guidelines in public administration. We will continue in 1992 with our actions of reconciliation and negotiation, because we believe those have been positive in the development of public administration in 1991. [passage omitted]

In the environmental field, we are pleased to say that we have almost completed an inventory of natural resources

and we are consulting with various groups on a national report on the environmental situation in Guatemala. We want to invite all political and national forces to strengthen cooperation so that we can carry out joint efforts in the environmental field.

As to agriculture, we have eliminated tariff restrictions on the import of component parts. That is one the basic reasons that prices in the country have remained stable. I also want to notify the honorable congress of the republic that we have delivered 1,426 land titles in Escuintla and Alta Verapaz Departments. In 1992, we are planning to deliver approximately 12,000 titles to the other departments of the republic. We have also begun a reforestation project in each of the municipalities of the republic. The project is called Forests for Peace. We will assign youngsters to take care of the forests; they will develop a sense of responsibility for the environment by creating forests that will protect the environment in which they will live in the future. [passage omitted]

In the field of public works, we must admit we found nearly 10,000 km of highway totally destroyed. So far, we have rebuilt 7,000 km. We have also concluded new projects in Escuintla, Puerto Quetzal, Guatemala, Don Justo, Barrerena, Julapa, and El Molino. We have concluded other projects: the entry into the wholesale market, the San Juan bridge in Zacapa, and the Las Lajas bridge in Jalapa. In addition, 38 very important rural projects are being carried out. We repaired the landing strip at La Aurora Airport, and traffic signs were placed in over 1,200 km of highway. [passage omitted]

In 1991, the energy sector was affected by the drought as a result of the El Nino current. We managed to finish repairing turbines that generate 138 megawatts, and we are currently repairing a turbine that generates 30 megawatts. That means we will have 168 megawatts available in the future.

In December, we purchased a high technology gas turbine with a capacity to generate 50 megawatts. We think it will eliminate any possibility of the country facing an energy crisis like the one we had to deal with in 1991. In 1991 28,00 new users were connected to the system, and approximately 160 km of transmission lines were built. We greatly improved rural electrification, providing 8,000 users in 82 new towns with electricity services, which means 44,000 people will receive the benefits [all figures as heard]. So much for these accountable services.

As I have said so many times, the respect and strengthening of the state of law and of the protection of human rights are some of the pillars that should solidify our democratic system. When I took over on 14 January, 1991 as president, I said: I am determined to comply with the law without carrying out any discriminatory actions. Hierarchy, privileges, or financial resources will not prevail over justice. He who violates the law must be punished; there will be no exceptions.

That effort, however, demands legislative and judicial actions. The responsibility does not fall only on the executive branch. The responsibility belongs to all Guatemalans. To that end, the government has defined a policy: a policy of nonconcealment [de no encubrimiento]. For each action that the government learns of, a judicial case is opened up in the judicial tribunals. The government has given its support to the Office of the Attorney General, which is an auxiliary branch of the administration of justice. The Guatemalans have been able to witness that in the work carried out by that office. We have supported and will continue to support the Human Rights Attorney's Office so that it can thoroughly fulfill its duties independently, as established by the constitution. Both attorney generals who are here can attest to the fact that the government has never exerted pressure or coercion of any kind in the fulfillment of their duties. There has not been any pressure or coercion against the courts or justice tribunals either.

We have maintained our actions according to the law and have always offered the presidents of the Supreme Court, the Constitutionality Court, and the Supreme Electoral Tribunal our unconditional support for them to carry out their duties for the benefit of consolidating our judicial system and developing democracy in our country. We have continued our struggle against corruption and we expect this honorable congress to issue the penal reform laws this coming year. We also expect this honorable congress to approve the reforms to the Office of the Attorney General and the Inspector General. We expect this honorable congress to approve the regulations this year to provide the state with more protection in the struggle against drug trafficking. We expect that both the congress and the executive branch will each work this year to bolster the judicial system; promote democratization, and create a just, proper, fair, and honest judicial system for the country. That will allow us to hand over to our children a country very different from that which we received.

We have promoted police reforms, appointing an attorney as police director. In fact, an attorney was also appointed as interior minister. We have reopened the police school, which was closed for six years, with the cooperation of the Chilean Carabineros. We hope very soon to have the cooperation of the Spanish Police. We have purged the police, dismissing over 1,200 members, who in one way or another were found to be responsible for certain actions or wrongdoings. Finally, we are involved in achieving the professionalization of our police through specific technical assistance programs. We have created a specific commission: Coprede, the Human Rights Presidential Commission. That commission comprises all those ministers who share responsibility for human rights in Guatemala, so that no case of human rights brought to the attention of the president will fail to be considered because the president is too busy. The commission is already functioning. Its members have been sworn in and it is at the service of the Guatemalan people.

The military policy has been singular throughout the exercise of my term. The constitutional mandate to

maintain the country's independence, sovereignty, and honor, as well as the integrity of our territory, peace, and security—here and abroad—has been thoroughly fulfilled by the Guatemalan Armed Forces. The Armed Forces have assumed all the responsibilities and problems their role entails. The Guatemalan Army has become more disciplined. We have carried out military changes, strictly adhering to seniority, qualifications, and the grade level of the officers. We have stimulated professionalism among the Armed Forces ranks. This coming year we are preparing to conduct extensive reforms in military education; the reforms will be in the polytechnical schools and in the basic, advanced, and general staff courses.

We are expressing a need to cooperate with all the friendly countries of the world that want to help us develop our Armed Forces.

I want to tell you that, as the Army's general commander, I am pleased with the loyalty, obedience, and subordination that the Army has shown toward its commander. Our Army has given unlimited support to the democratization process and the strengthening of the peace process by participating actively with the government delegation in the peace negotiations and in all negotiations that will lead to the consolidation of the process for economic and social development.

We are aware that our Army has had great limitations and we hope to overcome them this year with greater resources. Those limitations have been basically economic. However, I want to tell the nation that the economic limitations have not prevented the Army from fulfilling its sacred mission prescribed in the Constitution. The Army has protected the country's borders. The Army has maintained adequate and efficient control over subversive actions against the nation's security and it has also fought drug trafficking. We can say, with satisfaction, that the Army has made it possible for the country to continue operating, for democracy to continue to grow stronger, and for democratic institutions to become consolidated.

We also ordered a review of the recruitment plan and the drafting of a plan for conscription. We hope that the fair adjustments made to the salary scale will guarantee that we will never have to resort to forced recruitment again. However, we do believe that all Guatemalan youths must serve the fatherland. This is why, very soon, Messrs. Deputies, you will receive a bill establishing the mandatory military service for all inhabitants of our country so that we can all serve the fatherland with the same dignity, love, and responsibility.

The Army has been present, with a different attitude, in the peace talks. You might remember that in the past, when one mentioned the talks between the government and the rebels, there was some friction. However, we now can say that the situation is just the opposite. The Army has helped and supported the talks while maintaining a very dignified and calm attitude that is in line with the government policy of holding a fruitful dialogue for peace in Guatemala.

Once again, I reaffirm, in my position as constitutional president and the Army's commander, that we want peace in our country. We will spare no efforts to achieve it. We want peace soon. We want to give our children a clean, proud, and peaceful country, in which reconciliation and brotherly love will be the pattern of behavior for all of us, instead of dissent and resentment.

In this honorable building, where great citizens have made their voices heard at various times in our history, I want to reiterate to you, Messrs. Deputies, to the Guatemalan people, and to the international public that my government is ready to sign peace today. My government is ready to address all the demands by the insurgent groups or the legally established groups in the country as long as those demands make sense and permit our country's development.

We are ready. We will never turn our back on peace. We will continue our march to peace because peace is a must for justice, for the respect for human rights, and for our country's development.

You and us, Messrs. Deputies, can do much to move the peace process forward. We are devoted to that process with all our love.

We want to tell you that, within this context, our government has taken fundamental steps to repatriate 43,000 Guatemalan refugees who live in Mexico.

Since 1987, those refugees began returning to Guatemala, on an average of 800 per year. I would like to say with satisfaction that in 1991, 1,771 refugees returned to their homeland. However, we are not completely satisfied with that. We have established a basis to allow a swifter and more orderly return of all Guatemalans who have been displaced, in one way or another, from their places of origin.

To achieve that we have totally restructured the CEAR [expansion unknown]. We have conducted a full study to come up with an inventory of available lands—both public and private—on which we can build the new settlements. Lastly, an agreement was signed with Sadako Ogata, the UN High Commissioner for Refugees [UNHCR], which covers their voluntary return; freedom of movement within Guatemala; freedom of association in Guatemala; their safe and organized return; and access to lands they previously occupied, and for which there is documented or other proof, or a guarantee that they will get other lands. We have also agreed with the high commissioner that they may be escorted by the UNHCR and by members of the negotiating team while they return.

Guatemala has set a goal to return 10,000 Guatemalans during 1992 and 25,000 during 1993. That is a great

national challenge, but I am sure that the Guatemalans will accept the challenge and that it will not only be a government effort. It will be an effort made by all Guatemalans: the private sector; the communities where they will settle; the universities; and the schools. We are all going to work on integrating the Guatemalans back into their homeland.

The help and support from the UNHCR and the Italian Government has been significant in holding a constant dialogue with the refugee organizations, in order to organize the return, and in reaching firm agreements between CEAR and COMAS [expansion unknown] with the total support of the Mexican Government.

We have taken another measure to strengthen peace in those places where our country is bleeding. That measure is the creation of Fonapaz, (National Fund For Peace). Fonapaz, which was created in 1991, is directed at guiding, coordinating, and supervising the plans and programs designed to give immediate attention to the people affected by the internal armed conflict, in order to attain permanent peace. [passage omitted] Going into the political arena after reviewing the social field, this year the democratic process has had very important characteristics. That process has been strengthened by the fact that the government does not control the decisions made by the Legislative Assembly. It has been necessary to try to reach a consensus and convince other sectors. But what fills me with pride is that the aforementioned actions to convince others have taken place strictly within the framework of dialogue, discussion, opposition, and negotiation. These are all legal elements that have permitted us to reach mutually acceptable avenues.

I hope that in 1992, as you all know what it is to be deputy and I know what it is to be president, we can reach more important agreements that will permit us to move faster in reaching the most important national goals. We will continue to try to reach a consensus; I think that is the best way to build a democracy.

The international policy of our country has been oriented, as I said on the day I took over, toward breaking the isolation of our country; we have accomplished that. We have taken fundamental steps to improve the relations with our neighbors: Mexico, Belize, El Salvador, and Honduras. We have joined the Movement of Nonaligned Countries. We have taken important steps in the direction of Central American integration. I think that we have made up for 20 years of disintegration, following the policies of the previous administration which in this area were accepted. We have been able to take spectacular steps in the direction of Central American integration and that has taken us to stages that were unexpected a year ago.

In the field of international commerce, as we said earlier, we are honored that Guatemalans today are eligible to occupy important positions in international organizations. We are satisfied to see illustrious Guatemalans occupying positions in the United Nations, UNESCO, and other important international institutions.

Dear deputies and Guatemalan people, it seems that we have managed to get our economy back on its feet again. However, 1992 poses a great challenge for us: to consolidate and reactivate our economy. If we can consolidate what has been accomplished so far through tax reforms and other economic measures, we will be assisting the majority of needy people in this country. We are building a [word indistinct] country. To that end, it is necessary to adopt some measures at the Legislative Assembly. It is necessary for you and I to try to find ways to consolidate the economy, which has a different perspective today.

However, 1992 should not be considered only as a year of economic accomplishments. It should go down in the history of this country as the great year of social investment. Our proposal is to triple the investments that we made last year in education, health, and well-being. To achieve that end, I look forward to receiving the cooperation of the deputies, particularly the district deputies. We must walk together through the Guatemalan countryside and bring the hope that our people want.

I want to tell my people that I am optimistic about the prospects for this year. I think we must not go back.

We must continue to move forward. No one must be afraid to do what he wants to do. Each person must exercise his freedom to do as he pleases. Let everyone buy, sell, and progress. That is what we will accomplish this year.

This year will not be a year of restrictions. It will be a year in which Guatemalans will be able to move on with the support of each other. I see 1992 as a year of optimism. I am confident that with the cooperation and support of all Guatemalans, we shall overcome each day.

I want to thank my people for their support during the past year. I want to thank the labor sector of my country for the understanding and responsibility displayed in the handling of its demands. I want to thank the private sector for its cooperation, for its good spirits, for its confidence in the country and the government, and for repatriating capital and investing in our fatherland. I want to thank the press, which has played an important role in maintaining the equilibrium of democracy. I want to thank the friendly countries and the international institutions that have loaned a helping hand for their understanding and cooperation. I want to thank all my collaborators, ministers, deputy ministers, and government officials, particularly the vice president of the Republic and his distinguished wife. I especially want to recognize the leaders of the opposition in this country for shifting from a stubborn attitude to one of understanding and patriotism.

This year will bring greater challenges than last year, thereby creating the need for reaching substantive agreements, deputies, substantive agreements, that will translate into consensus, agreements, and common policies, that will have to be reflected in this legislature. Such

agreements will not be made to support the administration of Jorge Serrano Elias, but to support all that is good for the country, our people, and our economy. We must all work in that direction.

Deputies: My friendship and support go out to you. I want to express my clear and decisive desire to work together with you and do what we have to do, not thinking of party alternatives, but of the people as a whole. They see in us the solution to their problems, development, the elimination of poverty, and the establishment of an fair and impartial justice, free from influence peddling. The responsibility to get Guatemala back on its feet is in your hands. You can be assured of my support, friendship, and assistance.

May God bless you and all of us. May the Lord be merciful to this country. May He allow us to move forward with dignity, honesty, and above all with our hearts filled with love and compassion for those who are suffering from poverty and distress.

Thank you very much to all Guatemalans. May God bless us all and give us a year of great accomplishments, prosperity, and justice. Thank you very much.

Nicaragua

Chamorro Letter Pleas for Lives of Three Cubans

PA1601035092 Managua Radio Nicaragua Network in Spanish 0100 GMT 16 Jan 92

["Text" of letter to Commander Fidel Castro Ruz, president of the Cuban Council of State and Council of Ministers, from President Violeta Chamorro, read by Danilo Lacayo, official spokesman for the Presidency]

[Text] Managua, 15 January 1992

Mr. President:

I am sending you this letter with the strictest respect for Cuba's right to self-determination and within the framework of respect for the principles of nonintervention. I am sending this letter to make a humanitarian request based on the strong ties that join all the Latin American and Caribbean people and the human factor in all our actions independent of where those actions take place.

With deep consternation I have learned of the news that Cuban citizens Daniel Santovenia, Eduardo Diaz, and Pedro Alvarez Pedrozo were reportedly condemned to death by a Cuban court of justice. They have been charged with carrying out illegal activities against your country. The media has reported that the sentence can be overruled by a higher court.

In addition to humanitarian reasons, I have been encouraged to write this letter by the fruit borne from national reconciliation in Nicaragua, a country of which I know you are fond. We have many times chosen the path of flexibility to the implacable application of the law. I was also prompted to write by the encouraging progress made in the process of peace and reconciliation in El Salvador. I am sure that El Salvador is also a country that is close to your heart.

Taking into consideration these special ties that join the Latin American and Caribbean people, and now that there is optimistic talk about a renewed region that must once again show its strength and vigor in light of the current challenges, I wish to ask, from the bottom of my heart and as president of a country that has seen much bloodshed, for a pardon of the death sentence given the aforementioned Cuban citizens.

As president I respect the decisions made by other states and do not judge the actions that led to the sentence; I am only asking that the results of those actions be new proof that clemency promotes reconciliation and that Cuba can also be compassionate.

Sincerely yours,
Violeta Chamorro
President of the Republic

Government, Recontras Agree on Disarmament

PA1601013992 Panama City ACAN in Spanish 0027 GMT 16 Jan 92

[Text] Tomatoya (Nicaragua), 15 Jan (ACAN-EFE)—On 15 January, representatives of the Nicaraguan Government and "commanders" of the rearmed former "contras" signed the first agreement to begin the process of disarmament and demobilization of those groups, known as "recontras," on 21 January.

The document was signed at the former military base in Tomatoya, in northern Nicaragua, by Government Minister Carlos Hurtado and the "recontra" leaders "Bigote de Oro" [Alcides Rodriguez], "Bolivar" [Jaime Zeledon], "Ruben II," and "Relampago."

The agreement states that on 21 January the government will form a joint police force that will consist of Sandinists and former "contras." The joint police force will operate throughout the 18 municipalities in northern Nicaragua that were, through June 1990, areas of conflict.

The establishment of the joint police force will coincide with the disarmament and demobilization of the first 70 former "contras," currently rearmed and located in northern Nicaragua. The "recontras" have described the organization of a joint police force as an assurance of their safety that will allow them to abandon the armed struggle against the rearmed former Sandinist soldiers known as "recompas."

Approximately 22,000 "contras" demobilized in June 1990, but shortly thereafter several hundred rearmed for fear of being killed by the "recompas" and because the government had not kept its promise of ensuring their safety and means of earning a living.

Further on Agreement

PA1601024992 Panama City ACAN in Spanish 0203 GMT 16 Jan 92

[Excerpt] Tomatoya (Nicaragua), 15 Jan (ACAN-EFE)—[Passage omitted] On the same day the disarmament of the 70 "recontras" begins [21 January] the Special Disarmament Brigade (BED), created by the government in October 1991, will undertake the task of seizing approximately 100,000 weapons of war currently in the hands of civilians of various political leanings.

On 15 January, the parties involved also agreed that, based on the 8 May 1990 agreements, they will shortly begin the process of legalizing the lands given to the demobilized members of the dissolved "contra" group. They also agreed to "expedite" the return of the properties seized by the Sandinists from the former "contras."

The "commanders" who participated in the negotiations reiterated that they will not carry out armed actions in the areas where they are located as long as they are not attacked by the Army or the "recompas."

Continuing his peacemaking task throughout the rural and mountainous areas, Government Minister Carlos Hurtado will meet with the "recompas" to negotiate the disarmament. The meeting will be held on 16 January in Las Cuchillas, in northern Nicaragua.

On 15 January, approximately 200 of the rearmed former Sandinist soldiers began to gather in Las Cuchillas to be present at the negotiations to be held on 16 January.

Government Benefits

PA1601042792 Managua BARRICADA in Spanish 14 Jan 92 p 8

[by Juan Ramon Huerta]

[Excerpts] Matagalpa—The government will give each recontra chieftain $10,000, plus vehicles and houses to "stabilize the region". The recontras who surrender their weapons at Tomatoya, 18 km north of Jinotega, will be given 1,000 cordobas for each rifle they turn in at the 15 January ceremony, which is considered "the key to the demobilization process."

The high-ranking government source in Matagalpa who reported that to BARRICADA INTERNATIONAL asked to remain anonymous. The same source explained in general terms what could be the beginning of "a crucial process that will prevent military confrontations and be exchanged for economic and political measures."

The source said that "as the government, we have the duty to do anything, whatever it takes, to attain stability in the fields." The source also said that it was convinced that the recontra leaders would accept the offer.

Our source stated that the investment the government will make as of 15 January as part of the disarmament plan is mostly economical because, according to military specialists, one hour of flight in a helicopter costs the country $1,000 and 15 days of fighting cost, at least, $500,000.

According to military sources, there are between 300 and 400 active recontras in the region and the same number of recompas. It is believed that on 15 January at least 250 recontras might demobilize in Tomatoya, and that in Las Cuchillas, 20 km north of Jinotega, approximately 300 recompas will turn in their weapons.

The plan, which is considered to have the consensus of government institutions (Sandinist People's Army, Government Ministry, and Executive Branch) is endorsed by local Sandinist and Catholic Church leaders who support a peaceful solution to the conflict. [passage omitted]

Foreign Ministry Supports Yugoslav UN Mission

PA1401224592 Managua Radio Nicaragua Network in Spanish 1200 GMT 14 Jan 92

[Communique issued by the Foreign Ministry Information and Press Directorate in Managua; date not given]

[Text] The Nicaraguan Foreign Ministry wishes to express its sincerest hope for the success of the peace mission by the UN forces called the Blue Helmets to the armed conflict in the Socialist Federal Republic of Yugoslavia. We feel that the rich experience of the United Nation and the flexibility of the sides involved in the conflict will bring positive results for the suffering people of Yugoslavia.

The Foreign Ministry enthusiastically welcomes the initiative submitted by Egypt in the 13 December 1991 meeting of the Coordination Bureau of the Nonaligned Movement. Egypt proposed organizing, within the framework of the Nonaligned Movement, a peace mission to contribute to the lofty cause of bringing peace to that area of the world. [Signed] Foreign Ministry Information and Press Directorate

Panama

Attorney General on Causes of Recent Unrest

PA1501221992 Panama City LA PRENSA in Spanish 15 Jan p 28 A

[Article by Manuel Alvarez Cedeno]

[Text] Attorney General Rogelio Cruz warned on 14 January that street disturbances may occur in Panama because President Guillermo Endara's government has not met many of the people's needs during his first two years in power.

The attorney general's statement followed a meeting with Government Minister Juan Chevalier, Panama Governor Plutarco Arrocha, and National Police Chief Oswaldo Fernandez, held on 14 January, to review measures for responding to street demonstrations. He

added that "the problems have not been solved mainly because of a lack of adequate financing to cope with social justice problems, a fact any politician can see."

An IDB report published by the local press predicts a decade of social and economic tensions in Panama, which will affect various groups in the country, due to increasing levels of unemployment.

Cruz also said that "logic indicates that former soldiers," who are experts in handling firearms, "are behind the alleged rebel 20 December Movement [M-20]." He also said the same conditions that led to the rise of militarism in 1968 in Panama exist now.

According to flyers, the alleged M-20 guerrilla group has vowed to attack U.S. civilian and military installations in Panama to avenge the Panamanians killed following the U.S. invasion two years ago.

The attorney general said that he does not believe there is an organized guerrilla government, but rather that "there are persons interested in organizing an M-20."

Unidentified persons fired an RPG-18 against the Ministry of Planning and Economic Policy [MIPPE], damaging three offices. Later, someone telephoned a radio station stating that M-20 was responsible for the attack.

"Who is trained to operate such a weapon? Who has such weapons?" the attorney general asked rhetorically, then answering "generally, soldiers."

Cruz said that the authorities are investigating who is using such weapons. "They might be former soldiers, although we do not exclude the possibility they are not former soldiers. Logic indicates the military personnel are trained to use weapons" such as the one used to attack the MIPPE.

New Agricultural Development Minister Sworn In

PA1601024692 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Jan 92 p A1

[Text] On the evening of 14 January, Cesar Pereira Burgos was sworn in at the Yellow Room of the Presidency as the new minister of agricultural development, replacing Ezequiel Rodriguez.

The ceremony—which was attended by Second Vice President Guillermo Ford, all cabinet ministers, the comptroller general, and the outgoing minister—was presided over by President Guillermo Endara.

The president thanked the outgoing minister for the work he has done and stressed that the next duty of Rodriguez at the helm of Panama's Embassy in Mexico is a high priority for our country. In addition, President Endara welcomed the new minister to the government.

Argentina

Interior Secretary Resigns at 'Menem's Request'

PY1501235792 Buenos Aires TELAM in Spanish 2014 GMT 15 Jan 92

[Text] Buenos Aires, 15 Jan (TELAM)—It was officially disclosed this afternoon that Interior Secretary Juan Carlos Mazzon tendered his resignation at President Carlos Menem's request. Interior Minister Jose Luis Manzano accepted Mazzon's resignation.

This information was disclosed to journalists accredited at Government House at 1700 by the Interior Ministry press secretariat. No further information was released.

President Menem's Private Secretary Resigns

PY1501203892 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 15 Jan 92

[Text] President Carlos Menem this morning accepted the resignation of his private secretary, Miguel Angel Vicco. In his resignation, Vicco said: The campaign unleashed against me makes my presence next to the president untenable.

This information was reported at 1300 [1500 GMT] in a communique from presidential spokesman Humberto Toledo in the government office where the text of Vicco's resignation was released. The resignation says:

The campaign unleashed against me makes my presence next to the president untenable. Therefore, despite the repeated expressions of confidence received through this painful event, I am convinced of the need to submit my resignation as private secretary because it is my duty to preserve the presidential image.

I await with confidence the result of the administrative and judicial investigation.

Law on International Asylum Rights Promulgated

PY1501200892 Buenos Aires TELAM in Spanish 1439 GMT 14 Jan 92

[Text] Buenos Aires, 14 Jan (TELAM)—Argentina has adhered to the conventions on territorial and diplomatic asylum signed in Caracas on 28 March 1954 in the form of Laws 24055 and 24056, respectively. The text of the laws were published in the OFFICIAL GAZETTE today.

The dispositions included in the conventions approved by OAS member countries are included in the new laws.

Law 24055 on territorial asylum establishes that "all states have the right through their sovereignty to admit any individual they choose into their territory and other states cannot interfere in the exercise of this right."

The law establishes that "under international law this right is derived from each state's jurisdiction over the inhabitants of its territory [words indistinct] without restricting individuals who enter this territory from a country where they are persecuted because of their religious beliefs, opinions, political affiliations, or because of attitudes that might be considered political crime."

The law says that "no state can be forced to surrender an individual to another state or to expel an individual who is persecuted for political reasons or crimes from its territory."

Article 4 states that "extradition will not be granted when, after considering the case of the individual made by the state requesting the extradition, it is determined that the individual is being persecuted for political or common crimes committed with political ends, or when the extradition is requested because of predominantly political reasons."

Law 24056 approving the convention on diplomatic asylum outlines in Article 1 that "asylum granted in diplomatic representations, warships, camps, or military planes to individuals being persecuted for political reasons or crimes will be respected by the state where said asylum is granted in accordance with the dispositions of this convention."

The law says that "a diplomatic representation is understood to be the seat of an ordinary diplomatic mission, the residence of the head of mission, or the residence made available by the mission to those who seek asylum when their numbers exceed the usual capacity of the mission."

It adds that warships or military planes temporarily in shipyards, arsenals, or facilities undergoing repair cannot be considered sites for accepting persons seeking asylum. It adds that "all states have the right to grant asylum. They are not, however, obliged to grant it or to say why they deny it."

The law says "it is not legal" to grant asylum to individuals who at the time of the request have been indicted or are under trial in ordinary courts for common crimes, or who have been sentenced but have not fully served their sentences, or who desert from ground, air, or ocean forces, except for clearly political reasons.

Asylum "will not be granted except in real emergencies and for a strictly essential period that is considered sufficient for the individual to leave the country, with the guarantees of the government of the territorial state, in order to safeguard his life, freedom, or personal safety."

Law 24055, like Law 24056, includes the reservations of some countries regarding different articles of the conventions.

Brazil

Minister Regrets Social Security Plan Rejection

PY1501131292 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 15 Jan 92

[Text] Justice Minister Jarbas Passarinho has expressed surprise at the decision by party leaders in the Chamber

of Deputies to refuse to approve the government proposal to increase social security contributions.

He regretted the fact that this position was adopted before any discussion took place. The minister also lamented the fact that the leaders did not wait for the government to dispel doubts before adopting a position.

[Begin Passarinho recording] I think it is an a priori decision that hurts. It hurts deeply because to reject a proposal immediately and almost unanimously is an aberration. We do not agree with that stance at all. We feel that any individual can see that the social security account in the Bank of Brazil currently has no resources to continue making payments in accordance with decisions by the judicial system. [end recording]

The minister said that on 16 January he will meet with the Chamber of Deputies Social Security Committee to try to clear up doubts on this matter.

Collor Requests Further Debate

PY1501181592 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 15 Jan 92

[Text] President Fernando Collor has asked deputies and senators not to give up debate on the bill to increase social security contributions.

[Begin recording] [Unidentified reporter] On his arrival here at Planalto Palace this morning, President Fernando Collor stated that the government is completely open and willing to discuss any type of alternative to the bill that asks for an increase in the social security contribution, which is now being debated by Congress. The president stated, however, that the solution will not come with printing money or bonds, because that would be inflationary.

Collor stated that he did not see the letter submitted by the parties as a rejection of the bill, but as a search for alternatives.

[Collor] Therefore, I believe the debate will continue. That is what I have understood in reading the note containing alternatives that could be suggested. The government is completely open and willing to listen to any alternative. I want to make it very clear, however, that the government will not resort to inflationary measures to increase social security income. [end recording]

Fifth Article of Collor's 'Agenda for Consensus'

PY1301223992 Sao Paulo FOLHA DE SAO PAULO in Portuguese 9 Jan 92 Section 1 p 3

[Fifth article by President Fernando Collor in the "Agenda for Consensus" series: "An Education Revolution"]

[Text] The central theme of the national modernization program is educational reform. The decisions we make today will define the kind of country we will have tomorrow. Education demands the cooperation of all people so, based on a consensus, we may establish a basis to help us achieve a future in which all Brazilians will be assured a dignified life.

Today we are not facing just the challenge of defining curricula, establishing priorities, and allocating resources. To reflect on education is to delve into the essence of human development.

In view of the complex sociocultural issues involved in the educational system, social-liberalism believes that, in the end, the success of the struggle to achieve Brazil's development lies in our capacity to achieve a successful education revolution.

It was not by chance that contemporary modernization cases have been based on the extensive and effective democratization of the education system. The pillar of the institutional and technological modernization of these processes has been the expansion of the elementary education system and the improvement of high school and university education.

The importance of the role of the elementary school system is crucial. In Brazil's case, it represents the most basic and inhumane insufficiency and it is one of our many debts to society. Millions of Brazilian youths are sentenced to a life of frustration and a hideous existence that sometimes leads them to crime because of a poor, deficient, and inadequate elementary school system.

Thus we are not only undermining the most basic rights of citizens, but we are also wasting an enormous talent that could be used to help society and the development of all Brazilians.

With the Statute on Children and Adolescents, we strive to focus on priorities in this field. Through the Ciacs [Integration Centers for Assistance to Children], we have launched not only a methodological revolution, but also a mental revolution. In response to a compelling ethical appeal, we have given priority to basic education and human development by giving priority to children, the basic resource of the Brazilian people.

The education problem cannot be resolved merely through a specific federal government action. The Brazilian Constitution makes states and municipalities responsible for basic education. This includes the maintenance of schools and teachers' salaries. The federal government's actions are not carried out at the expense of other government branches, nor does it undermine their jurisdictions. A proper solution will be found through the joint efforts of the three government branches with the support of all society.

The distortions affecting university education must be corrected. The cost of public universities must be correlated with performance; salaries must correlate to competence and loyalty; and the payroll must be based on both the number of students and the quality of educational or scientific production. With autonomous, responsible management, it will be possible to expand and improve the

quality of the public university education system and modernize installations, libraries and laboratories.

Nevertheless, reassigning funds to give priority to elementary education is insufficient. It is equally necessary to upgrade the quality of university education and make it more accessible to everyone. One of the greatest losses in the deterioration of the Brazilian education system is the nonexistent or run-down professional training system for elementary and high school teachers. The traditional role of schools specializing in the education of teachers [escuelas normais] has been virtually destroyed. Today, in addition to earning low salaries, teachers have ceased to receive adequate training for their duties, which are the basis for achieving modernization of the education process.

The Brazilian education revolution will have to be based on three values: excellence, humanism, and development. If we do not seek excellence at the technical and cultural levels for teachers and students, there will be no education as such. We will succeed in our challenge against the increasing division of the world between countries that produce technology and those that are passive consumers of modern technology. We will become the vanguard of modern societies only if we achieve a pattern of technological training in line with Brazil's modernization needs that allows us to meet the challenges of modern-day life.

We must not confuse the practice of democracy with democratic doctrine so as not to risk disrupting the hierarchy of the teaching profession and teacher-student relations, thus jeopardizing the very essence of the educational phenomenon with relation to the struggle of society and human beings to achieve perfection.

From a social-liberal point of view, this struggle to achieve perfection is sought not only by society, but also by the individual. The difference between education and instruction is the difference between elementary education and specialized training. Naturally, education paves the way to culture like a horizon of individual freedom. Social-liberalism is a democratic humanism based on emphasizing ethical-cultural aspects of development.

In conclusion, the education revolution must be undertaken with a deep awareness that only education of the people and an effective higher education program will guarantee for Brazil the implementation of two development trends: political democracy and economic efficiency based on modern scientific-technological structures and processes. Without education, the Brazilian masses will never be able to mature, to know the value of free institutions, and to accompany, as they deserve, the dynamics of a modern society.

* Renewal of Confidence in Economy Minister Seen

92SM0188A Sao Paulo VEJA in Portuguese
11 Dec 91 pp 26-29

[Article by Roberto Pompeu de Toledo: "The Distinguishing Features of Marcilio's Style"]

[Text] Some initial successes are beginning to increase confidence in the minister of economy.

The myopic eyes behind the lenses (one of nine and the other of 11 degrees) appear frightened and weak, like a bird trapped in a cage. The forehead is boundless, the hands restrained, and the suits—although elegant and well tailored—tend toward the somber and the dull and are ideal for someone who unexpectedly must attend a wake and does not want to take the trouble to go home and change clothes. No one could be less suited to the practice of jet skiing, for example. In the meantime, people are noting with relief that Economy Minister Marcilio Marques Moreira—an exotic flower in the midst of a government grown fat between karate chops and Ferrari races, the Marcilio whose maximum concession to informality is tennis garb and casual slacks for his walks in Ipanema, which give him the appearance of a mad scientist on vacation—is beginning to impose his style on the country's affairs, however mild, lacking in charisma, ecclesiastic, and inconspicuous that style may be.

Marcilio Marques Moreira—the man who detests shocks—himself personifies the unorthodox shock. In a country where economy ministers are geniuses who produce a steady stream of ideas and shine in the media, he has been able to inaugurate a period in which the head of the economy ministry can go for days without making an appearance in the JORNAL NACIONAL. In a country where solutions to problems are pulled out of a top hat—a country of devices that can abruptly bend the inflation curves as easily as a magician bends a spoon—he has been able to disseminate patience and replace the philosophy of the "ippon" [not further identified] with the philosophy of the pachyderm. "Unlike Chile or Uruguay," he informs us, "Brazil cannot have quick solutions. Brazil's progress is like that of a continental country such as China, India, or Russia." The resultant shock was so great that people did not have confidence in Marcilio at first. He was probably an indecisive, wishy-washy "softy." How could anyone put their faith in him? The nation was so accustomed to an "energetic" type of economic leadership that it even believed this type of leadership derived from the very nature of things.

Gradually, however, certain facts began to prevail. First of all, people began to be convinced that this time the government was serious when it promised that there would be no economic "packages." Subsequently—based on the most recent figures and despite a brutal worsening of the recession—there was a growing expectation of a decreasing rate of inflation, a phenomenon which will be a blessing to our country—the first such in a long time—if it occurs without the artifice of a freeze. And finally—in the achievement that to date best illustrates his most personal touch—Marcilio the "gentleman," Marcilio the man of the world, well connected and respected on all continents, instead of going to the IMF was was able to get the IMF to come to Brazil, when he got his friend Michel Camdessus—who in his capacity as director general of that institution is the number one policeman of international economic law and order—to agree to come to Brazil to receive the newest version of

the notorious letters of intent (see following report). Marcilio—who turned 60 last 25 November—is today more "Marcilio" than ever, and seven months after undertaking the most dangerous mission of his career he is at last beginning to say why he did so.

When the Change of Direction Occurred

In the beginning was the Word. Read: in the beginning Marcilio was only what people said about him. A classic intellectual who was able to swim like a fish in the waters of a profound social thinker such as the German Max Weber. An excellent diplomat. A gifted financial executive in the service of Unibanco. People talked a lot about him—spoke well of him—but forgive me, Mr. Minister, people also talked about Pacheco, the character in Eca de Queiroz' novel who had "immense talent." All Portugal talked about that talent—which was concealed behind an immense forehead—and people looked at his forehead "as one looks at the heavens, in the certainty that God is behind it, making decisions." Far be it from me to compare Marcilio to Pacheco, who was a fool and a hoax. But the truth is that just as Pacheco's immense talent was "locked up inside his cranium, as if in the strong box of a miser," at one time it was feared that Marcilio's celebrated qualities would ultimately—by force of circumstance—be corked up inside him, like Aladdin's genie in the lamp.

The change of direction came last 28 and 29 October—"Black Monday" and "Black Tuesday"—when the Central Bank discontinued its gold operations, the dollar stood at more than 1,000 cruzeiros, and commerce dried up. With the support of his boss, President Fernando Collor, Marcilio stood firm. It was a rough game, played eye to eye to see who would blink first, and Marcilio did not blink. It was also a crazy game in which the business community itself was "rooting for" a freeze, but Marcilio did not yield. During those two days the economy minister wagered his highest stakes, and won. In the most convincing manner to date—and until there is proof to the contrary—the government demonstrated that it was withdrawing not only from its gold operations but also (and most importantly) from the addictive business of promoting—by means of a "package"—the "cold shower" to which everyone is accustomed and which is designed to enable everyone to calm down and later resume the same old insane and immoral game. As Marcilio himself acknowledges, that was the moment when the game turned around. His position in the ministry was consolidated, and he gained confidence in himself.

"Marcilio has succeeded in bringing rationality to the government," says the lawyer and political scientist Celso Lafer, an old comrade of the present minister of economy in the intellectual circles of Brazilian liberalism. "As a good disciple of Weber," Lafer says, "Marcilio knows that the politician of reason and justice is worth more than the politician of charisma." The economist Edmar Bacha sees similar virtues in the minister. "At first," he says, "it was believed that the times called for someone who was more aggressive, but it now seems clear that Marcilio met the national demand for normality." According to Bacha, the present minister of economy offers another advantage: he "calms the ardent nature of the president, who has the bad habit of doing things impetuously, without paying attention to details or to possible consequences." Before consolidating his position, however, Marcilio had some bad moments. He himself says that the worst moment came when he was in Bangkok, Thailand, where he arrived in early October to attend the annual meeting of the IMF on the same day that back in Brazil the headline on the front page of the daily O ESTADO DE SAO PAULO was announcing his downfall.

Virtue and Chance

It was the supreme moment of that entire "first act" during which Marcilio's ship was taking on more water than it was making headway. To better understand that moment, allow us to refer back to Marcilio's own interpretations. Writing about one of his favorite authors—Machiavelli—in his book *From Machiavelli to San Tiago* [De Maquiavel a San Tiago], published in 1981, Marcilio notes that Machiavelli believed the two poles of political action to be the concepts of *virtue* and *chance*. Well then, although Marcilio undoubtedly possesses *virtue*—the "quality in a man that enables him to accomplish great tasks and great deeds"—he seemed in that stormy moment to be defeated by *chance*, that is to say, by "the unforeseen event, the curse of history, blind destiny, fatalism, natural necessity." But it was not long before *opportunity* presented itself—that factor which in Machiavelli's opinion bridges the gap between *virtue* and *chance* and which the prince should never fail to seize. Marcilio did seize the *opportunity* offered by Black Monday and Black Tuesday to impose his *virtue* upon ungracious *chance*.

In the beginning was the Word, someone has said? No, in the beginning was action. We now look at another essay by Marcilio, which he wrote in 1966 in the flower of his 35 years. The subject is Goethe's *Faust*, the favorite book of the minister, who as the son of a diplomat living in Vienna from age three to age eight learned to read in German. Marcilio explains in his essay that Faust "is the most characteristic myth of modern man, who is dissatisfied with the status quo, thirsts for knowledge, is eager to act, is impatient to improve his condition, and is always ready to climb higher." In his passion for movement, Faust—in a passage from Goethe's drama that is often quoted by Marcilio—seizes upon the famous first line of the Gospel according to St. John, "In the beginning was the Word," and corrects it. "In the beginning was action," he declares. To someone who contemplates the aura of beatitude emanating from Brazil's minister of economy, it may seem strange that an adherent of the Faustian ideal is conceled there. The truth is that a number of surprises are indeed concealed underneath Marcilio's placid exterior.

Alluvial Changes

During the crisis of Black Monday and Black Tuesday, one of the tens of telephone calls that Marcilio made was to former minister Henrique Simonsen and another was

to Celso Furtado, also a former minister. From Delfim Netto to Zelia Cardoso de Mello, there had never before been a minister of economy who "got along"—at the same time, and with the same degree of friendship and respect—with two leaders of Brazilian economic thought who held such opposing views as Simonsen and Furtado. That is one of the surprises that Marcilio has in store: he is a kind of "free trade zone," or common denominator, between diverse sectors of Brazilian society, between Right and Left, between businessmen and intellectuals, between politicians and artists. More important still, he knows how to turn this characteristic to his advantage. In those days of crisis, both Simonsen and Furtado fought at his side. At a moment when the word "hyperinflation" was widely spoken and even appeared in newspaper headlines, both men allied themselves with the minister with a view to calming spirits and upholding the concept that the nation must not be allowed to founder because of an unstable financial market.

That was when people began to realize that Marcilio was indeed taking action, however secretly—and that he knew how to put his Faustian ideal of change into practice, albeit step by step, cautiously, and very gradually. "If there is one word that defines Marcilio," declares Marcilio's chief of staff, the diplomat Celso Marcos Vieira de Souza, a long-time colleague of the minister, "that word is 'consensus.' He always strives for consensual solutions." In the light of this characteristic there emerges another clear-cut difference from the usual profile of the occupants of this office, who normally are authoritarians and "salvationists." Marcilio believes in dialogue and—as a diplomat—in negotiation. He likes to quote a passage in which his great mentor, San Tiago Dantas—a politician, lawyer, philosopher, and former minister of Finance and Foreign Affairs—said why he liked civil law. It was, San Tiago said, because civil law is the field of "slow acquisitions and alluvial change." Marcilio likes the phrase "alluvial change." That is what he believes in. This is the kind of change that occurs as the residuum from the movement of water: in other words, as the cumulative effect of slow and persistent labor.

Would you like another example of the Marcilio who is a "free trade zone" between various sectors of Brazilian society, and at the same time an example of the surprises that are concealed behind his serene exterior? Here it is. He was a good friend of Glauber Rocha. It seems unbelievable. Glauber, who was so crazy, so contentious, so undisciplined and explosive, and Marcilio, who was so virtuous, so correct, so disciplined and serene—how could it be? "I believe there was a mutual fascination," comments the motion picture director Arnaldo Jabor, who during the 1960's frequented the same social circles. "What fascinated Marcilio was Glauber's craziness, and what fascinated Glauber was Marcilio's sanity and sense of proportion." Glauber's first wife, Rosa Maria, was the sister of Marcilio's wife, Maria Luiza. "My first major diplomatic challenge was to convince my parents-in-law to admit Glauber into their home," Marcilio says. The challenge was overcome, and a friendship developed that involved incidents such as Marcilio hiding Glauber in a hotel in Friburg—in the mountainous region of Rio—in 1968.

Help From Zelia

Nothing can make Marcilio speak ill of anyone, or anything. The "Republic of Alagoas?" He has no knowledge of it. Secretary of Regional Development Egberto Baptista? He has been very courteous in his relations with him, very proper. PC Farias? He has never seen any request from him, and never sent him any. Part of his "show" is to be universally tolerant and an ecumenical friend of a political spectrum that ranges from Deputy Roberto Campos of the PDS [Social Democratic Party] to Senator Eduardo Suplicy of the PT [Workers Party]. He lived with Campos in Washington when he was second secretary to the embassy and Campos was the ambassador. He watched the 1970 World Cup with Suplicy at the home of mutual friends and celebrated Brazil's goals with embraces. The minister's temperament motivated Central Bank President Francisco Gros to coin a neologism in answer to the gossip which from time to time tells of quarreling within the economic team. "Minister Marcilio is unflappable," Gros is in the habit of saying. Marcilio goes to extremes of politeness and courtesy. At the conference of the Latin American presidents in Cartagena last Monday, he arrived with his shirt collar open but with a necktie in his pocket. Upon learning that Collor was wearing a tie, despite the fact that all the other presidents were wearing sports clothes, he put on his tie. His courtesy can also extend to people of far less importance than a president. Also in Cartagena, during an interview with Camdessus, Marcilio for 20 minutes held the microphones of the reporters of Radiobras [Brazilian Radio Broadcasting Company], who had not been able to get close to Camdessus.

Marcilio directs his team with a gentle touch. "He does not get involved in the execution of details," Gros says. "He is more like a teacher. There is conceptual unity among the members of the team, but each one has great freedom of execution in his or her own particular sphere." Another aide—Secretary of Planning Pedro Parente—tells the story that on the very first day Marcilio announced: "I do not believe that power consists of signing documents," and proceeded to delegate to his adviser the authority to manage his routine business. Marcilio's team—which was formed amid confusion and without much apparent unity to replace a team that because of its image of solidity made a point of collapsing in solidarity—was shortly developing specialties. Secretary Dorothea Werneck had the business community, Secretary Roberto Macedo the Congress, and Secretary Luiz Fernando Wellisch the governors. Many stupidities are still being committed—such as the story of the correction of the income tax, last week—but the team has finally developed the appearance of a team. Former Economy Minister Zelia Cardoso de Mello was a great help in this particular when she sacrificed—in a firestorm of foolishness and frivolity—the image of solidity and creativity that her team had formerly projected.

Zelia helped in other respects as well. No one imagines that Marcilio will spend Christmas Eve in a G-string at Angra dos Reis. One therefore gets the impression that substantial progress has been made. For someone who

was accustomed to the gossip that characterized the former team, it is something new, attractive, and reassuring to have someone like Marcilio—a Catholic in a country with an upper class of unbelievers and debauchees—whose greatest extravagance has been his walks through Ipanema on those few weekends when he returns to his home in Rio. On those occasions the minister is usually besieged by an implacable circle of reporters who station a permanent detachment at the door of the building and—when they finally see him leave—follow him in a tumultuous procession, whether on a trip to the pharmacy, to a bookstore, or (as has already happened once) to the tailor's. Letting them photograph him is the maximum concession he will make to the exhibitionist style of the Collor administration that Marcilio has ever permitted. Moreover, in Brasilia—where he is most of the time—the minister lives all alone, in his functional apartment, and spends the little free time he has in reading. He is currently reading the novel *Memoir of the End* [Memorial do Fim] by Haroldo Maranhao of Para State, the theme of which is the death of Machado de Assis. Maria Luiza, his wife, is a candidate for the doctorate in Luso-Brazilian Literature at Brown University in the United States; of his three daughters, two live in the United States and the third in Rio. The truth is that no solutions have yet been found for the problems of the Brazilian economy, and given the many uncertainties, Marcilio cannot guarantee anything. It is not a certainty that inflation will decrease, contrary to the popular presumption. Even if it does, it will be at the cost of a recession that is already beginning to tighten its grip and that foretells the minister's next round—heavy fire from businessmen who are facing bankruptcy. One must also take into account the fact that in the overall chemistry of the government there are still more adventurers and careerists on board the ship of state than gentlemen of the old school such as Marcilio. In any event, the minister of economy is given credit for one praiseworthy quality: that of being the patron saint of a moment of calm—a rare moment of respite on the stormy ocean of Brazil's economic life.

Correction to Collor Signs Deregulation Documents

WA1601144692

The following correction pertains to the item headlined "Collor Signs Documents To Continue Deregulation," published in the 9 January Latin America DAILY REPORT, page 17:

Column two, paragraph three, first sentence, make read: ... top value for bearer checks be increased... (rewording)

Same paragraph, sentence two, make read: ...top value for order [nominal] checks will be increased... (rewording, providing vernacular)

Chile

German Envoy Reiterates Stand on Honecker

PY1501162692 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 14 Jan 92

[Text] German Ambassador Wiegand Pabsch today said that his country will insist on Erich Honecker's extradition if Honecker comes to Chile.

[Begin recording] [Pabsch] There is nothing new. The gentlemen who came with the Interior Ministry under secretary are here to negotiate an agreement on the transfer to Chile of social benefits donated by Chilean exiles in Germany. We discussed this issue, not Honecker's situation. For the time being, we are discussing....

[Unidentified reporter interrupting] Has there been any change in Honecker's situation...?

[Pabsch, interrupting] There has been no change in his situation.

[Reporter] Will you insist on Honecker's extradition if he comes to Chile?

[Pabsch] If he comes to Chile, we will insist on his extradition. [end recording]

Yugoslav Envoy Resigns To Represent Croatia

PY1501154292 Santiago Radio Cooperativa Network in Spanish 2200 GMT 14 Jan 92

[Text] Franc Krnic, Yugoslav ambassador to Chile, has officially announced his resignation. He labeled the Yugoslav Government an illegal and unconstitutional organization.

Krnic resigned four days ago upon learning that he had been appointed plenipotentiary in Chile for the separatist Republic of Croatia. He said that his resignation is a protest against the so-called Socialist Federal Republic of Yugoslavia because it is an unconstitutional organization.

He added that Croatia is an independent state that should be respected, and the world is already beginning to recognize it; as in the case of the Vatican. He said his new mission as plenipotentiary for Croatia is not a diplomatic rank, but this position serves as a link between the two countries.

Krnic concluded by thanking Chileans for the treatment he has received, especially from executive branch and congressional officials. The Yugoslav Embassy in Chile is now in the hands of Charge d'Affaires (Dale Mataych) in light of Krnic's official resignation.

World Bank To Grant $320 Million Loan in 1992

PY1601012092 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 15 Jan 92

[Editorial Report] The Chilean Government has reported that the World Bank will grant Chile $320 million this year.

The fund will be used to improve the health, education, and environmental sectors. It also reported that loans for the private sector are being analyzed.

Vicar Criticizes Compensations in Letelier Case

PY1501193492 Santiago Radio Chilena Network in Spanish 1000 GMT 15 Jan 92

[Text] Monsignor Sergio Valech, vicar of solidarity, has criticized the Bryan Commission's ruling in the Letelier case. Valech said that type of agreement hurts the prestige of our justice and national independence.

[Begin Valech recording] I think our sovereignty requires us to solve problems among ourselves. We must confront our problems the way they should be faced, with justice, not through international agreements. [end recording]

Valech said the amounts to be paid to the affected families are out of context. The problem lies in the fact that actions that must be tried in the country are tried abroad. Valech concluded by saying that the inquiry Prosecutor Banados is conducting is doing well and results are expected as soon as possible.

Two Bombs Explode in Temuco; Woman Injured

PY1501193092 Santiago EL MERCURIO in Spanish 10 Jan 92 p C14

[Summary] Temuco—Two bombs exploded on the night of 9 January in the local headquarters of the Special Commission of Indigenous People and the House of Youth. The explosion heavily damaged the buildings and injured a woman. Leaflets with MAPU Lautaro [Lautaro United Popular Action Movement] slogans urging people to take up arms to defeat the current government were found on the scene.

Navy Commander Concerned About Country's Image

PY1501215692 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 14 Jan 92

[Text] Speaking in Talcahuano, Admiral Jorge Hernan Martinez Busch has expressed his concern over the fact that Chile's image may be tarnished by the discovery of a cocaine shipment aboard a ship manned by a Chilean crew.

[Begin recording] [Reporter Jorge Martinez] Navy Commander Jorge Martinez Busch went to Talcahuano to attend a ceremony during which the former O'Higgins cruiser was taken out of commission. The O'Higgins cruiser served the Chilean Navy for 40 years. Before serving in the Chilean Navy, the O'Higgins served in World War II.

Navy Commander Martinez Busch received the O'Higgins' combat flag, which will be kept in Valparaiso until another ship is christened after Libertador O'Higgins.

At the end of the ceremony, Admiral Martinez Busch was asked whether the drugs found aboard the ship (?Harbor Brief) may have been loaded in Chilean ports. [Martinez Busch] I cannot comment on that at this time because I have no information since the issue does not fall under my jurisdiction. We must be very careful, however, because sometimes the international press—not the Chilean press [words indistinct]—issues groundless reports, and these reports may affect the government's image.

[Jorge Martinez] The Navy commander concluded by stating that the Chilean Navy will make every effort to control the extensive Chilean coast so it will not become another drug route. [end recording]

* Chamber of Deputies Approves Electoral Reforms

* Reforms Assessed

92SM0194A Santiago EL MERCURIO in Spanish 14 Dec 91 p C2

[Text] Valparaiso—The electoral system is still the major stumbling block for the upcoming municipal elections. This was quite apparent in the Chamber of Deputies; the difficulties are expected to be worked out in the Senate, especially the status of independents, the only issue that apparently presents unconstitutional aspects, in the opinion of some political groups, primarily RN [National Renewal].

From the UDI [Independent Democratic Union] perspective, all of the electoral system's problems would be solved if the second distributive number were eliminated, but for that to happen the parties signing the political pact would have to reach unanimity.

The municipal bill approved by the Chamber of Deputies yesterday morning calls for an electoral system in which a slate of candidates may contain members of one party or candidates from two or more parties which reach an agreement. It is also possible that two or more parties might form subpacts (synonymous with a federation); for electoral purposes, these parties would be treated as a single party.

Independents may run on a separate, one-person slate, as provided by the Popular Elections and Ballots Law, or on a joint slate with candidates from the parties, but separately, as if they were a party. In this case, their votes are added to the slate, but not to the parties; so their votes are treated as if they were party candidates.

As an example, if a slate has three DC [Christian Democratic Party] candidates, and there are two PPD [Party for Democracy-PS Socialist Party] candidates, the independent candidate on the slate will have to compete only with the three DC and with the PPD-PS. The same thing would happen in a slate in which RN has three candidates and the UDI two; the independent candidate must face only the three RN candidates, who may combine their votes, and the two UDI candidates, who may also combine their votes.

The electoral system established in the Chamber's bill has two distributive numbers: one which determines the distributive number of the slates taking part in the election, and the other which determines the distributive number within each slate. With the second number, party candidates add their votes together by party or by subpact, while the independent candidate does not add his vote to anyone, and does not receive votes from anyone.

RN's Position

Deputy Carlos Cantero (RN) said his party "is going to work up to the end to include independents, and we will do whatever is necessary."

He added that RN's position is that independents should have the option of running as independents in a separate slate, or of joining with a party with which they share some ideological affinity or similar views. "We want the independent candidate to have the freedom to choose either option."

He said they are confident of achieving their goal in the Senate, as the PPD has said it is open to considering RN's proposal. If accepted, this would put an end to all the constitutional issues this group raised concerning the municipal bill. He added that with the elimination of posts controlled exclusively at the discretion of the mayors, and the regulation promoting the resignation of the present mayors, two unconstitutional defects in the bill have been resolved, with only the issue of independents remaining.

The parliamentarian also said that in the negotiations with the UDI "we are not going to advance nor are we going to seek compromises until the status of the independents has been defined. That was stated by the deputies and supported by the senators."

UDI's Position

The Independent Democratic Union maintains that they have worked to enable independents to participate actively in good conditions in the upcoming municipal elections.

Deputy Juan Antonio Coloma said: "We are working so that independents can run individually, with the support of 0.5 of the residents of the area; in addition, they may be an integral part of pacts which the political parties may reach. We have said from the outset that there should be no distributive number inside a pact, so each candidate would receive his own votes and the candidates with the most votes would actually be elected, without any distinction related to whether they were from a political party or were independents."

As an example, he said that if a commune elected six council members and the pact won three of these seats, the winners would be the top vote-getters from the pact, no matter whether they were independents or party candidates. "Unfortunately," he said, "RN rejected that position; they wanted to include an internal pact distributive number in the January 1991 agreement, which was ratified by the political agreement signed by the presidents of all the parties some months ago."

Deputy Coloma stated emphatically that "if the second distributive number did not exist, there would no problem at all for anyone. However, as we did sign a political agreement, and the UDI has always kept its word, we are trying to persuade the rest of the parties to overturn that decision unanimously; in that way we could simplify the electoral system, leaving only one distributive number."

He added that while they are seeking the desired solution, the UDI feels that the solution proposed by RN is not the best answer. It advocates having independents join with one of the political parties in the pact and not the others. "That could produce troublesome divisions or distortions."

* Impact on Parties Noted

92SM0194B Santiago EL MERCURIO in Spanish 15 Dec 91 p D6

[Report by Maria Angelica de Luigi]

[Excerpts] [Passage omitted]

While the World Goes On

Two steps forward, one backward; the municipal package has remained on course this week, according to the teachings of Mao Tse Tung. Slow but sure?

Of course, that is how it would have to be. While this Chilean debate continues, the world has reached much more important agreements: the two Germanies have reunited, the war in the Gulf began and ended; Gorbachev was overthrown, restored, and now seems about to resign; a coup d'etat threw out the President of Haiti; Middle East peace talks are underway....

During the same period of time here, our domestic political scene has ended its hand-to-hand combat about even or odd council members, about "sections" (the number of registered voters required in each commune to elect six, eight, or ten seats) and about "thresholds" (the minimum percentage a councilmember has to win to become a mayor). Bravo! This Friday morning it seems that the extremely harsh dispute about whether independents will or will not add their votes to those of the parties presenting them may have been worked out (though it is still too early to cry victory). And fantastic! The debates about first, second, and third distributive numbers also seem to have come to an end.

The world may continue to go its own way. But this week there was only one important political issue here, leading to shouting, boredom, dirty tricks, and battles in Congress: the municipal elections in the grip of passions. To parody the famous Italian western, this might well be entitled: "For a Few More Votes." [passage omitted]

Everybody Against Everybody Else

[Passage omitted] The UDI [Independent Democratic Union] struggled and struggled until it won the Coalition's support for its position that independent candidates could not add their votes to the parties presenting them. In so doing, it damaged RN's [National Renewal] strategy of trying to combine votes for its "excess baggage" (in the UDI's opinion) with highly influential nonpolitical figures within the community. RN suspended sessions, delayed the debate and even threatened to take the issue to the Constitutional Court in order to preserve its ability to add independent votes to oppose the UDI: the PPD [Party for Democracy] brandished the third number formula (which allows the votes of parties within subpacts to be combined) "so that none of its votes could be used by the PS [Socialist Party]." The PS quickly came out in support of the UDI plan against adding independents' votes to the parties so that the dangerous slate it will face from outside, composed of the former CUI [Committee for the Unity of the Left], now Mida [Allendist Democratic Movement] (in other words, the PC [Communist Party] and its lapdogs) cannot "camouflage themselves." They will have to run openly from the Communist Party, without any disguises that might disorient socialist voters. The PC (which has no watchdogs in the Chamber) sent a "suggestion" defending the inclusion of independents which might attract discontented socialist votes. The PDC [Christian Democratic Party—used interchangeably with DC] restrained its PPD partners with their third number aspirations, even threatening them with forming a federation with the "kids," allowing the PPD and the PS to work things out as they like. Finally, the "kids" (radicals, humanist-greens, and social democrats) began to tremble: if the third figure were approved and the DC combined their votes, like the PPD and the PS, only a miracle could get any of their candidates elected.

Scapegoat?

It is not surprising that, in the midst of this uproar, Minister Correa should emerge from one of the sessions muttering: "I should have been a priest." Or that RN member Alberto Espina should lose patience and accuse DC Eugenio Ortega of "not respecting agreements." Or that other RN people should accuse the UDI of once again making deals with the DC about electoral system reform for the parliamentary elections. And that people in the Coalition should say that RN, with its desire to involve the Constitutional Court in the issue, "is only trying to stall for time so we will not be able to meet the deadlines and there will be no elections." And that the people accused should turn these suspicions around, saying that the official group is trying to get out a bill with unconstitutional articles so that afterwards it would become the scapegoat in the Consititutional Court.

What is all this? An implacable struggle pitting everybody against everybody else for a few more votes.

Parties With and Without a "Plus"

For a few more votes, which are even more important than the municipal seats each party may win. Because, even though all the politicians are still saying that "the presidential race has not begun," the truth is that they all have their eyes fixed on 1993. The internal PDC landslide of "Don Frei" [PDC President Eduardo Frei] immediately converted the upcoming municipal elections into primaries. And while not all the parties can, like the DC (which is in the arrogant position of leader) venture to think of a presidential candidate, they all want to make sure they will have deputies and senators. And they know that in their respective pacts, the number of candidates they can run for the congressional elections will depend directly on the votes they get in this municipal round.

So they are all racking their brains, inventing formulas enabling them to add their votes together: standing out from the crowd, bringing in candidates with local influence, adding a "plus" for themselves.

In this contest, the DC is certainly in the lead. They are calling this the Frei "plus," which has brought mystique, memories, and the enthusiasm of the party faithful and supporters. With the name of Frei and the old song (though they have updated it to a rap rhythm), the DC feels comfortable about the municipal elections. The UDI, not to be outdone, has announced that it will shamelessly use the Buchi "plus," placing his photo with all their candidates for council seats.

What about the others? From what we know, RN is not prepared to have a possible presidential hopeful backing its candidates for city elections in June. And this lowers its expectations.

Then there is the dilemma of the Ricardo Lagos "plus," which divides the PS-PPD positions in two. And it keeps the minister of education himself—or so they say—undecided.

Before or After?

The doubt over which the parliamentary left is agonizing is whether to present Lagos before or after the municipal elections. One explanation offered to this paper is based on the fear that, despite the increase in PPD votes, with the expected decline in PS votes, the two will not add up to 20 percent of the votes. There are people who say they should at least add the Lagos "plus" with his photo and speech supporting all the socialist and PPD candidates for the municipal elections. But some people are afraid:

"What if, even with Lagos and eveything else we do not get 20 percent? That would be the end of any possibility of our having a presidential candidate, not just to win, but to negotiate a good congressional representation. But if the municipals go badly for us, we can still use the Lagos 'plus' later, that is, select him as our candidate because his appeal goes beyond a municipal election."

For many DC members, Lagos's reluctance to "jump in now" may be due to a "promise to President Aylwin." If Lagos did start to run in the presidential race, with Frei

already having one foot in the race, the present government would have to be considered "technically ended," spending its last two years as lame ducks, and saying their farewells....

Even so, the socialists are feeling a lot of tension over this issue. With pressures mounting from other parties—with the PPD expansion on one side and the PC push to take away votes on the other—some predict a disaster for the PS in this election: what wiil happen to them if they get 5 percent of the votes? In the DC—where partisan enthusiasm is going to end up creating panic in other parties—this comment was heard in the Chamber this week: "There are some socialists we might be willing to take in if they are left without a party: Enrique Correa, for example, or Jose Antonio Viera-Gallo....

This is a real psychological terror campaign aimed against the PS, similar to the UDI's campaign against RN, which is little less than a threat to "erase them from the map."

Many More Battles to Come

There are numerous signs of political anxiety, while there are still many details left to be worked out before facing the voters.

The opposition is still continuing to say "we shall see" about the possibility of a joint RN-UDI slate. With the talks broken off, the deputies of the two parties were not talking to each other in the Chamber this week. The old debate remains centered on the UDI pressure for the slate of candidates to be made up with equiparity, with the same number of candidates from each party. And on the RN threat to form a pact with UCC [Union of Christian Peasants], liberals and independents, without the UDI. In the latter party they were counting on the negotiations between Juan Antonio Coloma and Andres Allamand (about a 60-40 deal to select the candidate for sixth place in a joint slate). Those negotiations were abruptly broken off by the RN deputies' refusal, just when the party president had been about to approve the agreement.

Then the Coalition has not smoothed things over. Acting like real commissars, the DC's electoral bosses did not budge from the Chamber this week so that during the negotiation, "not a single vote in the party's grasp would be lost." The PS-PPD are still trying, with great concern, to estimate the extent of the avalanche that may come down on them from the DC. And they have begun to lose hope of increasing their votes by joining with the "kids." The PR [Radical Party], the PSD [Democratic Social Party] and the humanists-greens are already clearly attached to the DC because, as one DC legislator summed it up, "the DC may take away their votes because they outnumber them, but what are those other two (socialists and PPD) going to offer if they barely have enough for themselves? [passage omitted]

* Frei on Municipal Elections, Economic Growth

92SM0198B Santiago EL MERCURIO in Spanish 15 Dec 91 p C3

[Excerpts] With an appeal for party unity and a plea to support President Aylwin's government and continue the Coalition with its other member parties, Senator Eduardo Frei Ruiz Tagle yesterday became president of the PDC [Christian Democratic Party—used interchangeably with DC]. On 23 November he won a strong majority in a direct election with 90,000 party members voting; the rival slate was headed by former Senator Narciso Irureta.

The new PDC president assumed party responsibilities during the party's National Council session which was held yesterday. Also elected were four vice presidents who, along with Frei as president, Deputy Gutenberg Martinez as first vice president and Genario Arriagada as general secretary, will serve as the national leadership from 1991 to 1993. [passage omitted]

Speech to the Council

Upon becoming president, Senator Eduardo Frei gave a 14-page speech describing the ideas which will guide the new leadership in dealing with the nation's situation and the electoral challenges it will face soon.

He began by thanking the party members for their support, which made his victory in the internal elections possible. He also expressed fraternal greetings to the members of the rival slate, Narciso Irureta, Andres Aylwin, and Sergio Micco.

Still on internal party affairs, Frei repeated what he had said during the campaign, that his greatest aspiration is for party unity, with a national leadership open to all Christian Democrats without exception. "No one is in the way in this party; no one can be excluded."

He added that the new leadership takes over a party made stronger by two features: the holding of the ideological congress after 25 years, and by having for the first time elected its top leaders by universal ballot.

He also advocated modernizing the PDC, conducting direct, effective, and timely politics by opening up the party to all Chileans "in order to build a full, just, and efficient democracy."

Eduardo Frei said the new leadership wants an authentically democratic party in which all members will be equal in terms of their rights and obligations. The basis of equality, he added, "is one Christian Democrat, one vote." This principle was followed in selecting candidates for council seats, in the recent election of the national leadership, and the idea of the convention to choose the party's presidential candidate is based on this same concept.

In terms of the DC relationship with the government, Frei repeated that his support for President Aylwin is

total and will last until the final minute of his term. He added that he views this support as a matter of loyalty in which the party plays the dual role of transmitting to the executive the feelings of the grassroots, and also conveying to the grassroots the thinking, actions, and concerns of the government.

The senator praised the transition process conducted by President Aylwin's government, defending it from what he called "unjust accusations," particularly those related to the nation's internal security.

Frei said the Coalition is "a historic alliance on whose survival depends the solidity of our institutions, democratic progress, and social justice." He emphasized that the new leadership will renew its commitment to the Coalition, reinforcing its operational mechanisms and its public expression.

He rejected the idea that the upcoming municipal elections are a source of tension among Coalition parties; on the contrary, he said the elections will help to foster their fraternal ties. He also refuted the assertion that these elections will be a sort of "primary" for Coalition parties interested in seeking the presidency.

A fourth issue which Frei discussed was the 1992 municipal elections. He said the new leadership has a very clearcut goal: to win votes for the PDC, and to get a large number of party members elected as mayors and council members.

He added that the DC firmly intends to conduct an open and cooperative municipal campaign with all the parties making up the Coalition.

Finally, Frei described what he views as the major challenges the party faces in promoting a modern and united Chile as it reaches the 21st century. He spoke of mobilizing the united determination of the Chilean people to eradicate poverty; promoting social and market integration, opening up Chile to major international agreements; and promoting the state's transformation, giving it an active role in the development process and in correcting social injustices.

To meet those challenges, he said they will have to deploy a national strategy of solidarity, seeking a development style emphasizing growth and equity. "Relying on growth requires generating the microeconomic and macroeconomic conditions needed so that markets can work properly. Creating productive jobs is the most effective way to overcome poverty and achieve greater social integration," he indicated.

* Aylwin Responds to Business Sector Criticism

92SM0198A Santiago EL MERCURIO in Spanish 15 Dec 91 p C2

[Report by Claudia Salinas]

[Excerpts] Osorno—President Patricio Aylwin here commemorated the second anniversary of his election, saying that the government has made progress in achieving the goals they had promised the nation. He predicted that the present coalition will last beyond 1993.

During his speech—which was frequently interrupted by applause from the 3,000 people listening to him in the Spanish School—he harshly criticized business leaders, while praising the union movement's maturity and the political discipline of the Coalition of Parties for Democracy.

Aylwin said the business community representatives "are living in fear, predicting catastrophes that are contradicted by the facts," a position which in his view "reveals a lack of determination and a lack of creative imagination and spirit."

He also said he is "firmly convinced that the poorest people in Chile are less poor today than when we took office."

The president was the main speaker in a ceremony marking two years of the Coalition leader's victory and 21 months of his administration. [passage omitted]

Aylwin stated that the three major objectives for his administration were the consolidation of democracy, economic progress, and social justice, plus peaceful coexistence among the Chilean people.

He stated that democracy does exist in Chile. Although its institutions still need to be improved, it ensures respect for all Chileans no matter what their ideas and social status; liberty; and the recognition of diversity.

He said the government respects its supporters and its opponents. "Being an opponent is a right which we respect. This government has no friends and no enemies. That division which for so long wounded the heart of our nation and divided Chile is over. There are no friends and enemies in Chile," he emphasized.

Concerning economic growth, he said that during the election campaign he expressed his intention to maintain a solid economy, rejecting any possibility of applying populist formulas which have led to runaway inflation in nearby countries.

He said the government has kept its promise to administer an orderly economy and to preserve macroeconomic equilibrium. He pointed out that this year they will achieve their stated goals of 18 percent inflation and economic growth over 5 percent.

Aylwin noted that Chile's economic policy has won the admiration and confidence of foreign investors and multilateral credit institutions like the World Bank and IMF.

"Compared with that reality, the complaints of business leaders who live in fear, predicting catastrophes that are contradicted by the facts do not deserve much respect. They seem petty, revealing a lack of determination and of creative initiative and spirit," said the president.

"It is very strange," he added, "that the same people who defend economic freedom in all areas and who want an

absolutely free market, when faced with problems run hastily to ask the government to protect their own interests."

"So where do we stand? Do they want a free market or do they want the government to control the economy?" he asked forcefully.

Alluding to his administration's third goal, social justice, he cited initiatives like the labor legislation reform and the improvement in the conditions of teachers, health care workers, and public sector employees. [passage omitted]

In the final part of his speech, the chief of state said the progress his administration has made was made possible by the maturity of the Chilean people and the confidence they have placed in their leaders.

After praising the support of the CUT [United Labor Federation] and of the Coalition, he said the Coalition must continue. "I am convinced that Chile has no better alternative than the Coalition of Parties for Democracy. It is the basis of the stability of our legal and social order; it is the only thing that offers the possibility of achieving democracy in politics, progress in economics, and social justice," he claimed.

Finally, the president confessed that he is disturbed by young people's lack of interest in registering to vote, and their attitude of frustration about what happens in Chile. He called on them to realize that social changes do not happen overnight, and he invited them to take an active part in building a better nation.

Colombia

Report on 'Exclusive' Gaviria Interview

PA1501184592 Mexico City NOTIMEX in Spanish 2242 GMT 14 Jan 92

[Text] Santa Fe de Bogota, 14 Jan (NOTIMEX)—Colombian President Cesar Gaviria Trujillo announced here on 14 January that the Salvadoran cease-fire will be "crucial" in the renewal of his government's negotiations with the Colombian guerrillas, which will take place in Caracas on 1 February.

In an exclusive interview with NOTIMEX a few hours before traveling to Mexico City to attend the signing of the Salvadoran peace agreement, the Colombian president asserted that the war in Colombia could end in the next months.

He advanced that the government commission's negotiating strategy for the next meeting will be "modified" to attain a cease-fire, "which is very important and crucial to advancing peace in the country."

Gaviria Trujillo rejected the possibility that the United Nations "mediate" these talks, as former Secretary General Javier Perez de Cuellar did in the Salvadoran conflict.

The Colombian president did accept the possibility for international verification of the possible agreements in his country.

"The situation in Colombia does not require the presence of third parties, because the talks are being carried out directly between the Colombian Government and the guerrillas," the president stated.

He referred to the "advancements" made at the negotiating table, such as six guerrilla organizations reentering political life in the country. He said he trusted that "the great effort for reconciliation" will end with the achievement of peace in the coming months.

In the past two years, the 19 April Movement, the pro-Indian Quintin Lame group, the People's Liberation Army, and the Revolutionary Workers Party guerrilla movements have abandoned armed strife and become political parties with congressional representation.

Regarding the Salvadoran armed conflict, Gaviria asserted that the Farabundo Marti National Liberation Front "attained a military capability that has not been attained by the Colombian guerrillas."

He also maintained that the Salvadoran peace formula could not be applied in Colombia, because "the escalation of the war in Colombia has never reached the proportions of the one in El Salvador."

"It would be difficult to say that the armed conflict in Colombia is similar to the Salvadoran civil war," Gaviria Trujillo stated.

He mentioned that another important difference between the Salvadoran and Colombian negotiations is the fact that in Columbia the rebels' incorporation into society "has been gradual," while in El Salvador "it has been in one process."

The president commented that the presence of a new government negotiator at the talks in Caracas "will have repercussions in the government's peace policy."

On 14 January, Gaviria Trujillo accepted the resignation of presidential peace adviser Jesus Antonio Bejarano, who headed the official dialogue commission. The president appointed former Government Minister Horacio Serpa to replace him.

Political observers believe Serpa's appointment will speed the peace agreements, because he is a man committed to the search for a political solution to the conflict the country has endured for more than three decades.

Gaviria Trujillo asserted that relations between Colombia and Mexico are "fundamentally based" on the Group of Three (G-3). He stressed that the scheduled actions of this organization go beyond a possible free trade agreement between both nations.

He admitted that the signing of a free trade agreement between Venezuela and Colombia, which went into

effect this year, "will create better conditions" for signing a similar agreement with Mexico within the G-3 (Colombia, Venezuela and Mexico) framework.

The Andean Group, formed by Colombia, Venezuela, Peru, Bolivia and Ecuador, agreed to create a free trade area at their last meeting in Cartagena in December 1991. This venture was hindered due to discrepancies between the member-countries, with the exception of the Colombian and Venezuelan Governments.

The Colombian president stated: "There is enough will to make the G-3 increasingly stronger in Latin America." He added that "actions in relation to Central America have been scheduled" within the framework of this organization.

Gaviria Trujillo will arrive in Mexico on 15 January. He will be accompanied by Foreign Minister Noemi Sanin and Defense Minister Rafael Pardo. Gaviria said he is "an admirer" of Mexican President Carlos Salinas de Gortari, who is to host the Salvadoran peace signing ceremony.

"Salinas de Gortari has restored a feeling of confidence in the future, not only in Mexico but in all Latin America. He has made a brave decision, which has returned the flow of investment to this continent," the president added.

He said he would meet with U.S. Secretary of State James Baker during his two-day visit to Mexico to discuss matters such as the drug trafficking situation, Haiti, and the Initiative of the Americas.

The Colombian president referred to the controversy caused by Venezuelan President Carlos Andres Perez' statements concerning the construction of a port in the Gulf of Venezuela.

The statements, which generated a heated reaction in Colombia, "did not even get to the category of an incident," Gaviria Trujillo asserted.

Perez said on 11 January that, with the construction of the port, "we are going to show that we call the gulf 'the Gulf of Venezuela,' because it belongs to Venezuela." Colombians interpreted his words to mean that he disagreed with the border negotiations between both countries.

President Gaviria Trujillo estimated that "the latest statements made by President Perez have clarified any misunderstanding."

The Venezuelan president said in Caracas on 13 January that his country "does not deny the rights of Colombia in the Gulf of Venezuela; we are only discussing those rights."

Venezuela and Colombia are involved in a controversy over the gulf that dates back more than 50 years. These countries almost went to war because the Colombian frigate Caldas entered Venezuelan waters in 1987.

Gaviria Trujillo and Perez will meet in Mexico and discuss this topic.

"President Perez and I customarily meet wherever and whenever we can. We will do so in Mexico City on 16 January," Gaviria Trujillo concluded.

Government Peace Adviser Bejarano Resigns

PA1501002092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 14 Jan 92

[Report by Carlos Julio Betancur]

[Text] Jesus Antonio Bejarano, who was in charge of directing the peace talks between the government and the National Guerrilla Coordinating Board [CNG], resigned on 13 January. He will be replaced by Horacio Serpa Uribe. While resigning his post Bejarano spoke of his tenure during President Gaviria's administration. According to him, his resignation was entirely a personal decision. He worked for five years amid criticisms and difficulties that are common in the peace process. Bejarano served for four years as peace adviser under the Virgilo Barco administration, during which he helped in the negotiations with the 19 April Movement and in the processes that led to the demobilization of the Popular Liberation Army, the Quintin Lame, and the Revolutionary Workers Party during the current government.

Bejarano said his resignation has to do strictly with his huge responsibility within the country, with President Gaviria's government, and with the peace process.

[Begin Bejarano recording] In no way should this be interpreted as a response to the CNG. The nuances, personal reasons, ability to invent, ability to imagine, and ability to look for formulas are another matter and I assumed my responsibility within these parameters. [sentence as heard] [end recording]

I am not leaving frustrated, Bejarano said. I had no differences with the military forces and much less with the government. After talks with the CNG resumed 17 days ago, Bejarano gave assurances that they will not be affected by his resignation. He also did not rule out entering politics in the future.

[Begin Bejarano recording] Even though I clearly believe in the possibility of peace in Colombia, I am equally sure that peace will not come about next month. [end recording]

The new peace adviser is Horacio Serpa Uribe, currently a member of the Advisory Commission on Public Order. Bejarano also said that the greatest enemies of peace in Colombia during the past five and half years have been intolerance and impatience.

Fajardo Says EPL To Withdraw From AD/M-19

PA1301154792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1800 GMT 12 Jan 92

[Interview with Jaime Fajardo, leader of the Hope, Peace, and Liberty Movement, EPL, by unidentified announcer in Santa Fe de Bogota; date not given—live or recorded]

[Text] [Announcer] Jaime Fajardo and some of his followers, members of the the Hope, Peace, and Liberty Movement [EPL], said on 12 January they intend to withdraw from the 19 April Movement Democratic Alliance [AD/M-19]. A group within the EPL, however, believes Fajardo's stance is not in the party's best interest at this moment. They believe the group has gained political opportunities within the organization, which has agreed to take part in the electoral process.

[Begin EPL Leader Anibal Palacios recording] When an organization is being formed is not the time to hesitate or back down. I believe we cannot join and leave organizations at will. [end recording]

[Announcer] EPL leaders say the complications they have faced until now to unify all the demobilized guerrilla movements currently in politics are not reason enough to split the alliance.

We now have Jaime Fajardo, who will speak specifically on this topic:

Jaime, what is you current position? According to some of your former comrades, this is only your personal position.

[Fajardo] I want to emphasize that my point of view is solely my own. At no time do I speak on behalf of any former comrades. The other thing is that I do not want to take part in a debate that does not lead to any political solution. In other words, I want no part in the current AD/M-19 crisis. I continue to accept that Antonio Navarro Wolff has played an outstanding role in the movement. However, the fighting among groups is detrimental to the AD/M-19's original goal, as these groups were to have dissolved and become a single movement. But this is not taking place.

[Announcer] Mr. Fajardo, you heard what your comrades said. There is much criticism on what goes on within the M-19 [19 April Movement]. Some say Navarro runs the organization like a dictator. What is your opinion?

[Fajardo] I believe Navarro's national profile is extensive. What is harming him is the movement's situation. The problem is not Navarro. The groups that said right from the start, when we joined the AD/M-19, that they would dissolve, are the problem. Now groups are fighting among themselves, individual interests abound, AD/M-19 is stating positions that do not correspond to its character; for example, converting AD/M-19 into an opposition party when in fact it basically emerged from a social pact, a national consensus that the Constituent Assembly led into a peace process. I am not against any comrade, I am not against Antonio Navarro—on the contrary, I believe he is the alliance's only solution. I am against group tactics and the trends that came to a head among left-wingers that are today creating a crisis in the AD/M-19.

[Announcer] Alright, you are leaving. How many people are leaving with you and where are you going?

[Fajardo] No, this is a personal decision. There might be comrades who feel we should exchange ideas or opinions. I am leaving so my point of view does not interfere with the AD/M-19's democratic discussions. I am leaving so the internal debate is not affected. But I believe my political theory is valid. Some comrades and I will meet at the end of January or the beginning of February, and then we will decide. What I do want to make clear to the public is that I do so in the broadest democratic sense. To avoid exerting pressure on the debate, I choose not to take part; a lesson I learned from the traditional left.

[Announcer] Many thanks to Jaime Fajardo for being with us.

'Deep Differences' Reported

PA1301164692 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0130 GMT 13 Jan 92

[Report by Jesus Garzon]

[Text] The crisis in the 19 April Movement Democratic Alliance [AD/M-19] continues. After the resignation of several AD/M-19 leaders, the political future of that organization is uncertain. It was learned 12 January that there are deep differences within that political organization.

The political future of the AD/M-19 has been darkened. The personal disputes among AD/M-19 members and the lack of clarity in drafting their alternatives have led that group to a crisis situation. The different ideas on how to handle the organization have confused AD/M-19 members, who do not know what position to take.

It is clear, however, that there is a general feeling against Antonio Navarro Wolff. Both those who have resigned and those who are still members of the movement blame Navarro for the organization's political deterioration.

[Begin recording] [Jaime Fajardo, leader of the Hope, Peace, and Liberty movement] Antonio has not admitted that there is a crisis, which is one of our differences.

[Anibal Palacio, AD/M-19 senator] Antonio Navarro Wolff must correct his way of leading the party and he must understand that this is a plural organization. [end recording]

That is why Jaime Fajardo, former National Constituent Assembly member, abandoned the AD/M-19. After making his resignation official, Fajardo confessed that the movement is about to collapse.

[Begin Fajardo recording] From what I see, this situation will worsen during the 1992 campaign. [end recording]

In the middle of absolute uncertainty, the AD/M-19 will play its trump card in the upcoming 8 March elections.

EPL Seeks Participation in Peace Talks

PA1501190192 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 15 Jan 92

[Text] The former subversive Popular Liberation Army [EPL], which is now a political organization, has requested through the National Security Board that the government allow it to participate in the dialogue with the National Guerrilla Coordinating Board [CNG] in Caracas.

The members of the EPL political organization have challenged the armed rebels to define their stand on the demobilization of the EPL and on the possibilities for political action in areas where they have settled. Guerrilla leaders were also asked to clarify their responsibility in the deaths of Faith, Hope, and Freedom Movement members killed by individuals belonging to organizations apparently affiliated with the CNG.

ELN Guerrillas Increasing Combat Capability

PA1301160992 Santa Fe de Bogota EL TIEMPO in Spanish 6 Jan 92 p 1a,12a

[Article by Edgar Tellez]

[Excerpts] The seizure of more than 100 rifles during military operations carried out during December suggests the guerrillas are intent on strengthening their fighting capability by purchasing arms in foreign markets.

Army Commander General Manuel Murillo Gonzalez disclosed on 10 January that the confiscated weapons include 30 AK-47 rifles manufactured in Czechoslovakia and 22 R-15 rifles made in the United States. These weapons were brand new when confiscated. They are not among the official weapons used by the Colombian Armed Forces.

The other rifles seized include FAL's and G-3's, some of them property of the Venezuelan Armed Forces. The other weapons had been stolen from the Colombian Armed Forces.

Gen. Murillo said military intelligence is currently investigating an alleged guerrilla plan to purchase weapons outside Colombia and then introduce them through Orinoquia.

Gen. Murillo told EL TIEMPO that the Armed Forces are acting on information gathered during intelligence activities. He denied having information related to whether or not the transaction has already taken place, or if the unloading of the war materiel is imminent. [passage omitted]

According to Gen. Murillo, "We do know that arms were recently purchased, but we do not know where the guerrillas brought them into Colombia. Several weapons, such as the ones impounded in December, were confiscated after clashes. Others were seized during operations. The fact remains that the weapons seized are different from ours and are not used by the Armed Forces. At this moment the guerrillas are trying to increase their military capability."

Critical Regions [subhead]

Gen. Murillo said the Armed Forces are about to start military maneuvers aimed at controlling the outbreak of violence in El Cesar and Santander Departments. He also indicated that these regions are critical for public order.

The situation in the southern part of El Cesar, according to Gen. Murillo, is especially critical, since small groups of armed ELN [Army of National Liberation] members, dressed as civilians, have organized in such a way that they are able to constantly harass the regional mayors, inspectors, and police. These groups have proven difficult for the police to detect.

At present, the mayor of La Jagua de Ibirico and the mayor, public notary, and municipal attorney of Gonzalez are still missing. Both regions are located in El Cesar Department.

According to Gen. Murillo, "In those departments there is no one to fight against because the guerrillas are very difficult to detect. We are currently preparing a joint operation with military intelligence, and we plan to intensify military maneuvers. Some sectors of the civilian population are also cooperating with us."

Likewise, Gen. Murillo stated that the communities of Santa Rosa, San Vicente de Chucuri, Carmen, and Yarima, located in Santander Department, are constantly being harassed by ELN-organized terrorism.

"The intent behind this is to increase attacks against a specific region in order to wipe out a population that has not surrendered." [passage omitted]

Security Chief Reports Smuggling Operations

PA1301181292 Santa Fe de Bogota EL NUEVO SIGLO in Spanish 8 Jan 92 pp1, 6

[Text] The Simon Bolivar National Guerrilla Coordinating Board [CNGSB] and drug traffickers are smuggling weapons arsenals into the country through the city of Maicao, Guajira Department, Colonel Luis Enrique Montenegro, director of the Directorate of Judicial Police and Investigations [Dijin], charged on 7 January.

The top ranking officer is presiding over a security summit meeting in Barranquilla, Atlantico Department, to beef up intelligence plans to dismantle international drug-trafficking gangs operating on Colombia's northern coast. He added that the rebel groups chose that area to conduct their terrorist attacks.

The Dijin director flew to Barranquilla on direct orders from President Cesar Gaviria Trujillo and Defense Minister Rafael Pardo Rueda to design security plans after Army Commander General Manuel Alberto Murillo Gonzalez disclosed that the CNGSB is smuggling weapons into the country through the Atlantic Coast departments.

Montenegro is meeting with seven Dijin division directors to draft plans to counter the onslaught that began on 30 December when Army of National Liberation [ELN] rebels tried to storm the Malambo Military Base. One soldier and four terrorists were killed in that incident.

Col. Montenegro noted that the rebels and drug traffickers smuggled into the country Austrian-made FAL rifles, which arrived in separate shipments from Venezuela. The top officer stated that to date the guerrillas smuggled three weapons shipments across the Venezuelan border. He added that arrests were made in connection with weapons smuggling for the guerrillas and the drug traffickers operating in Colombia.

He accused the Revolutionary Armed Forces of Colombia and the ELN of preparing a strategy to send terrorists to the Atlantic Coast to make the Armed Forces concentrate their operations in that area. The rebels then can carry out plans in other regions where they have been operating intensely in the past months. He added that the new rebel strategy prompted last December's attacks on the Pacific air bases located in the country's northern region. Montenegro also indicated that drug traffickers are engaged in smuggling drugs out of the country. They have turned Cordoba Department into the main narcotics storage center.

Peru

Armed Clashes Leave 41 Dead in Provinces

PA1501165292 Madrid EFE in Spanish 1522 GMT 15 Jan 92

[Text] Lima, 15 Jan (EFE)—On 15 January, police sources reported in Lima that 20 peasants, 20 Maoist Shining path members, and a judge were killed in two rebel raids in Satipo and Santiago de Chuco Provinces.

The sources reported that a "Shining Path" column attacked Alto Villa Victoria in mountainous Satipo Province early on 14 January, killing 12 peasant militia members, two women, and six children.

Five peasants were wounded in the raid. The attackers looted the victims' belongings and set fire to 25 houses "to punish" survivors, the source indicated.

The report added that the subversives used pistols, machine guns, automatic rifles, and explosives in the attack. The victims fought back with only eight Winchester repeating shotguns, which the government has supplied for their defense, and spears and slings to throw stones.

Police sources reported that 20 "Shining Path" members were killed when they tried to attack the Mollepata police station. The police were alerted to the oncoming rebel attack by a helicopter crew that overflew the area and surprised the attackers.

While the clash was occurring, several "Shining Path" members took over part of the town. They murdered Judge Alcides Zuniga and dynamited several public offices, including the town hall, looted stores, and pilfered 15 cases of dynamite, which they carried off in two stolen trucks.

A Lima court sentenced five "Shining Path" members to 10 years in prison. They were found guilty of several murders and a dynamite attack in Lima.

A senate commission calculated that the political violence in Peru, which started 11 and ½ years ago, has caused approximately 23,000 deaths, as well as economic losses that amount to nearly $20 billion.

Minister Says 2 Commissions Investigating Crash

PA1601022692 Lima Global De Television Network in Spanish 0100 GMT 15 Jan 92

[Text] A shroud of mystery and many questions surround the case of the helicopter that crashed on 12 January in the Alto Huallaga Valley. Interior Minister General Juan Briones Davila has announced that two commissions are investigating the cause of the accident.

Gen. Briones pointed out that so far it has been impossible to pinpoint the exact cause of the accident that took place at dawn on 12 January involving a National Police UH-1H helicopter. Briones said that two commissions, one Peruvian and the other a joint Peruvian-American venture, will be in charge of investigating the facts in the case. Briones asked everyone to wait for the results of the investigation instead of getting carried away with false reports.

[Begin recording] [Briones] I consider it useless for us to speculate while we await the investigating commission's official communique concerning the reasons for the crash. I have heard that it was caused by a [words indistinct].

[Unidentified reporter] [question indistinct]

[Briones] The commission has already left. It is very likely that a commission of U.S. representatives will also arrive, and that both commissions will release a joint report.

[Reporter] [Words indistinct] drug traffickers or terrorists, Mr. Minister?

[Briones] I cannot express an opinion because at 0200 no one is even around. I heard and read in the newspaper that there are eyewitnesses. I do not know how there could be eyewitnesses in the jungle at 0200. [end recording]

Foreign Minister on Papal Arbitration

PA1601012192 Lima Panamericana Television Network in Spanish 1200 GMT 15 Jan 92

[Text] The Peruvian Government has decided to give Ecuador an indefinite period of time to respond to the proposal for papal arbitration. The initial term for their response was set at 30 days, but the government has decided to extend it to allow Ecuador to seek a national consensus.

[Begin recording] [Foreign Minister Augusto Blacker Miller] I believe that the politicians of the various parties in general have expressed their support for the Peruvian position, for President Alberto Fujimori's position, which he presented during his trip to Ecuador. I believe that everyone—and I would almost swear to it—everyone agrees with the technical and legal framework under which the proposal was presented to our Ecuadoran brothers. We are now ready and waiting for the Ecuadoran response so we can continue the dialogue process, the open process between two brotherly peoples.

[Unidentified reporter] There have been certain doubts expressed by several members of the commission. Could this mean that the government may consider restating the proposal?

[Blacker Miller] No. I have heard no commentary that would indicate that. I believe there is an understanding that an issue such as the one we are discussing must be handled with wisdom and great caution. Most of all we must try to move forward, because it is clear that the Ecuadoran and Peruvian people have demonstrated that they want peace. The Ecuadoran and Peruvian people do not want war and confrontation; what they want is to have more peace and to live as brothers.

[Reporter] Was it a mistake to meet with the ambassadors of the guarantor countries before determining the Ecuadoran position, as several members of legislature have said? President Fujimori's proposal was to notify the guarantor countries upon hearing Ecuador's response.

[Blacker Miller] I do not believe that there will be any problem with that issue. [end recording]

Uruguay

President Congratulates Salvadoran Government

PY1501144492 Montevideo EL PAIS in Spanish 4 Jan 92 p 9

[Text] The Uruguayan Government expressed on 3 January its satisfaction with the agreement reached at UN headquarters in New York between the Salvadoran Government and the Farabundo Marti National Liberation Front (FMLN).

In effect, by the end of 1991 and following mediation by UN Secretary General Javier Perez de Cuellar from Peru, Salvadoran President Alfredo Cristiani and the FMLN reached an agreement that has been labeled as "historic."

The so-called "Act of New York," which seals an agreement in principle between the two parties, must be confirmed in the second half of January.

President Luis Alberto Lacalle congratulated his Salvadoran counterpart and said he hoped the agreement will mark "a new stage of fraternity and democratic justice in El Salvador."

Uruguayan Foreign Minister Hector Gros Espiell sent telegrams to his Salvadoran counterpart Jose Manuel Pacas Castro and to Perez de Cuellar.

Gros Espiell said: "The signing of the Act of New York crowns Perez de Cuellar's administration."

Egyptian diplomat Butrus Ghali was sworn in as UN secretary general on 1 January after being chosen by a majority of UN General Assembly members.

President Lacalle Denies Cabinet Changes

PY1501005492 Montevideo EL PAIS in Spanish 7 Jan 92 p 1

[Report by correspondent Jorge Risso in Maldonado]

[Excerpts] President Luis Alberto Lacalle—who returns to Montevideo today, thus interrupting the short vacation he planned to take during the first days of January in Punta del Este—did not hold any meetings yesterday to discuss government issues, nor is he planning any changes in his cabinet for the time being. [passage omitted]

Some sectors of the media reported that President Lacalle was going to hold an important meeting with members of the government's economic team, in which the salary adjustment for public servants would be determined.

In commenting on other news reports that EL PAIS did not publish, the chief of state commented: "There will be no changes in any ministry." [passage omitted]

Aguirre Explains Position on Economic Policies

PY1601000292 Montevideo BUSQUEDA in Spanish 9 Jan 92 p 40

["Summary" of interview with Vice President Gonzalo Aguirre Ramirez by unidentified reporter; place and date not given]

[Excerpts] [BUSQUEDA] What is your opinion on government economic policies?

[Aguirre] Government economic policies have been very successful. They reversed the trend toward hyperinflation; produced a spectacular reduction in the fiscal deficit; and were able to obtain this year one of the most important gross domestic product increases in the past decade. The mistake of the economic team was in giving maximum priority to reducing inflation to levels that are not compatible with Uruguay's economic dependence on external factors. There is no correlation between the country's general situation and the climate of dissatisfaction and pessimism pervading society. I want to make clear, therefore, that I do not disagree with the country's economic policies.

[BUSQUEDA] What are your disagreements?

[Aguirre] I do not agree—I made that clear in parts of a letter I sent to the president that was published against my will—with the fiscal discipline and that line of

economic policy that is implemented with dogmatic criteria, no matter the consequences, without measuring the effects the decision has at the social and political levels. The political and social cost does not justify the effort if in order to reduce the inflation rate, where we might not succeed anyway, we implement policies to obtain fiscal surpluses that impose unjustified sacrifices on workers and entrepreneurs. The objective does not justify the exaggerated insistence on that line of economic policies. [passage omitted]

[BUSQUEDA] What is your opinion on the performance of the economic team in particular?

[Aguirre] There is a fact that has prevailed since previous administrations: Government decisions are made at the Economy Ministry. This ministry makes decisions that affect all sectors of the country that, in theory, should be administered by other ministries. Nobody should believe that Senator Carlos Julio Pereyra, the Herreraist faction senators, the vice president of the Republic, nor the remaining ministers were consulted before the package of measures issued at the end of the year was approved. Most of us learned about it through the media. Therefore, many times, the measures are adopted by a technical team that is not required to have sensitivity, political experience, nor take into account the repercussions the decisions adopted may have. They simply do their job, go ahead and charge against whomever may get in their way.

[BUSQUEDA] Don't you think the president would reject the proposals made by his technicians if he disagreed with them?

[Aguirre] Of course, the president can hold back any decision he disagrees with. But he also is tied to the technical team he was elected with. The president must trust in the technicians he has chosen but he must also share the decisions and responsibilities with those who must accompany him.

[BUSQUEDA] Why don't you agree with the current economic team?

[Aguirre] It is essential that a government make a good choice in its aides. To choose the wrong assistant or to insist on keeping an assistant who is rejected by the entire political spectrum, no matter how right he may be in theory, may represent a political mistake. You cannot govern in opposition with the society as a whole. Although you may think you are absolutely right, if workers, bankers, businessmen, exporters, farmers, all the other political parties, and your own party tell you that you are mistaken, then you cannot impose a policy come what may. If this or that individual stirs up a generalized resistance, it is better to try and appease the spirits, try to safeguard the policy, and get rid of those individuals.

[BUSQUEDA] In your letter to the president you identified these individuals as BCU [Central Bank of Uruguay] President Ramon Diaz, Economy Under Secretary Gustavo Licandro, and even Minister Braga. Haven't you changed your mind?

[Aguirre] I wish to point out that I hardly know economist Licandro and that I have great respect for Diaz. However, I am aware that in reality Diaz' presence in the economic team has caused the government important political problems and the opposition of the people. Since Diaz has a very strong personality and is quite set in his ideas, almost dogmatic, it is quite unlikely he will be willing to modify his guidelines. In view of this realistic political fact, I believe it would be only wise—it need not be on the date I mentioned in my letter (31 January), but certainly as close to that date as possible—that Diaz leave the economic team.

[BUSQUEDA] What will you and your group do if this does not happen?

[Aguirre] I am not making this a personal issue. If President Lacalle thinks otherwise, I am not going to join the opposition. I am not going to withdraw the support of the Renewal and Victory Movement [MRV], nor will I cease to fully support all those necessary changes for the country that the government is promoting. What may happen, after consulting the main leaders of my movement, is that at a given moment the government may not have the certainty of the MRV's support for certain issues. I believe we will discuss this issue before 31 January and that we may reach an understanding. Therefore, no deadline has been set. The date will elapse and something may or may not happen and that will be assessed. Of course, if nothing happens, the MRV will adopt some decision and will make a statement. But we are not going to leave the government, nor are we going to withdraw our support for it, nor fully agree with the general guidelines of this administration.

Position on GATT Uruguay Round Established

PY1501195692 Montevideo EL PAIS in Spanish 10 Jan 92 p 8

[Text] After a meeting with the GATT representative, the ministers of foreign affairs, agriculture, livestock, and fishing decided on 8 January to send instructions to the Uruguayan representation in Geneva for the last round of negotiations of the Uruguayan Round of GATT talks.

The general position of Uruguay is the following:

Uruguay recognizes the extraordinary effort by the GATT director general when he prepared and presented on 20 December 1991 his document "Project of the Final Act Incorporating the Results of the Uruguay Round of Multilateral Trade Negotiations" (MTN. TNC/W/FA). This document is worth praise because, through intelligent work that includes many political and

technical elements in all the fields of the Uruguay Round, it opens the way to a solution in this complex multilateral negotiation.

Our country will make all the necessary efforts to conclude this Uruguay Round. Therefore, Uruguay understands that the document presented by the GATT director general is an unavoidable base to positively conclude the negotiations in a short time.

The approval of such document will effectively contribute to the strengthening of the norms and mechanisms of the multilateral trade system.

As a result of a complex and delicate process of negotiations and a singular task of reconciliation, the document has not been able to contain all the points of view and aspirations expressed by Uruguay during the negotiations.

Without meaning to reopen the negotiation process, Uruguay understands that—specifically in the field of agriculture—although the proposed document has the merit of leading to the revision of the trend toward protectionism and the application of harmful subsidies to exports, it has shortcomings in the dispositions tending to facilitate an automatic but gradual access to markets, to better formulas, and to the need to discuss a preferential and most-favored treatment for developing countries in its different fields and practical forms of application. Any eventual adjustment of the document terms must especially include these aspects.

Once the framework of the multilateral negotiation is appropriately defined, intense, immediate, and fast bilateral negotiations will be held in the field of access to markets, during which Uruguay will try to specifically consolidate additional advantages for its export products.

Uruguay would not have adopted this positive attitude of supporting the proposed document if it did not contain the commitment—which is included—to continue the reform process in the field of international agricultural commerce, ensuring permanent battle against protectionism.

Revolutionary Movement Upholds Armed Struggle

PY1501150292 Montevideo BUSQUEDA in Spanish 9 Jan 92 p 8

[Excerpt] While the Uruguayan Revolutionary Movement (MRO) again upheld the armed struggle this week and warned that it will not retract this position, it was learned that five members of the Broad Front Disciplinary Commission questioned the MRO's position and one of them labeled it incompatible with the guidelines upheld by the coalition.

In articles published yesterday in LOS ORIENTALES, the MRO's monthly publication, the top MRO leaders harshly criticized the socialist and communist parties and the Montevideo municipal administration.

Mario Rossi, leader of the MRO, charged the Uruguayan Communist Party leaders with being "a group of bureaucrats" that "have behaved just like the worst of the bourgeoisie." He said that this has not been "a matter of concern" to the communist leaders, but rather "our statement regarding the validity of the Guevarist strategy for Latin America's future."

"The PCU leaders must not believe that we are going to retract a single word of what we said in the speeches on the 28th, 29th, and 30th anniversaries; what is stated in our document; and what we have stated through delegations that have traveled abroad." [passage omitted]

High-Ranking Officers Request Retirement

PY1501004492 Montevideo BUSQUEDA in Spanish 9 Jan 92 p 3

[Excerpts] Military sources told BUSQUEDA that 45 percent [as published] of the Armed Forces' high-ranking officers, colonels or the equivalent rank, requested their retirement in order to benefit from the anticipated retirement law for the military.

One hundred and forty-four Army colonels, 31 Air Force colonels, and 34 Navy captains requested retirement. [passage omitted]

According to an Armed Forces study, there still remain 276 Army colonels, 73 in the Air Force, and 111 Navy captains.

The colonels who requested their retirement amounted to 52.17 percent of those in the Army, 42 percent in the Air Force, and 30.63 percent in the Navy. [passage omitted]